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FBIS-EAS-94-228 CONTENTS *28 November 1994*

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NORTHEAST ASIA

Japan

U.S. Move To Ratify WTO Agreement Welcomed *[MAINICHI SHIMBUN 24 Nov]* 1
  Diet: Mixed Views on WTO Cited *[KYODO]* 1
Expert Comments on U.S.-China-Japan Relations *[MAINICHI SHIMBUN 18 Nov]* 1
Territorial, Economic Talks Held With Russia 2
  Moscow Seeks Stronger Ties *[MAINICHI SHIMBUN 26 Nov]* 2
  First Deputy Premier Arrives *[KYODO]* 3
  Kono, Soskovets Discuss Island Dispute *[KYODO]* 3
  Discuss Trade, Investment *[KYODO]* 4
  Agreement on Joint Committee *[KYODO]* 5
  Murayama, Soskovets Hold Talks *[KYODO]* 5
  Further on Murayama, Soskovets Talks *[KYODO]* 6
  Soskovets on Debt Rescheduling *[KYODO]* 6
  Toyoda on Sakhalin Oil Project *[KYODO]* 7
  Saito Holds Press Conference *[KYODO]* 7
Russia To Return Captured Fishermen 30 Nov *[KYODO]* 7
  Fishery Talks Set for 7 Dec *[KYODO]* 8
Article Discusses East Asian Military Balance *[AERA 14 Nov]* 8
Murayama To Grapple With Four Major Issues *[NIHON KEIZAI SHIMBUN 25 Nov]* 13
Opposition Criticizes Tax Package as 'Incomplete' *[KYODO]* 14
Government To Complete Draft Budget by 25 Dec *[KYODO]* 14
  Spending To Rise 2% *[KYODO]* 14
  LDP, SDPJ at Odds Over Growth Rate *[MAINICHI SHIMBUN 23 Nov]* 15
* Editorial Criticizes Quality of Diet Debate *[ASAHI SHIMBUN 7 Oct]* 16
Legislators: 'Third' Political Force Needed *[KYODO]* 17
* Further Takeshita-Ozawa Rivalry Predicted *[SHUKAN GENDAI 22 Oct]* 18
Murayama Says SDPJ 'Unlikely' To Split *[KYODO]* 20
New Opposition Party Decides Name, Party Tasks *[MAINICHI SHIMBUN 25 Nov]* 21
10 Members Want To Quit SDPJ To Form New Party *[YOMIURI SHIMBUN 18 Nov]* 21
* SDPJ Policy Compromise To Hold Power Analyzed *[USHIO Nov]* 22
SDPJ's Kubo on Plan for New Liberal Party *[Tokyo TV]* 23
LDP Leader Criticizes SDPJ on New Party Efforts *[KYODO]* 24
  Kubo on Formation of New Party *[Tokyo TV]* 25
* Commentary Sees LDP Manipulation of Cabinet *[SANDE MAINICHI 6 Nov]* 26
DSP's Yonezawa Demands Early Election *[KYODO]* 27
Negative Aspects of New Electoral System Cited *[NIHON KEIZAI SHIMBUN 22 Nov]* 27
Party Officials on Future Form of Government *[ASAHI SHIMBUN 17 Nov]* 28

North Korea

IAEA Notes 'Constructive' Talks With North *[AFP]* 30
  Confirms Facilities 'Frozen' *[Pyongyang Radio]* 30
Kim Yong-sam 'Trying To Block' Geneva Accord *[Pyongyang Radio]* 30
  Makes 'Impudent Remarks' *[KCNA]* 31
Republican Review of U.S.-North Accord Viewed *[CHOSON ILBO 28 Nov]* 31
CPRF Denounces U.S., ROK Military Maneuvers *[KCNA]* 32
U.S., ROK Reportedly Commit Aerial Espionage *[KCNA]* 32
Military: South Koreans Fire Weapons in DMZ *[KCNA]* 32
Issue of N-S Cooperation Under NSL Questioned *[KCNA]* 33

Kim Yong-sam Accused of 'Brutal Suppression' *[KCNA]* 33
Paper 'Exposes' Kim Yong-sam Group's 'Crimes' *[KCNA]* 34
South's Debt Said Caused by 'Outside Forces' *[KCNA]* 34
Repatriation of Unconverted Prisoners Urged *[KCNA]* 34
ROK Opposition Leader's Demands Reported *[KCNA]* 35
ROK's Hanchongnyon Delegate Leaves Pyongyang *[KCNA]* 35
'Some 800' ROK Students Stage Protest *[KCNA]* 35
Japan, ROK Denounced for Military Cooperation *[Pyongyang Radio]* 35
Paper Demands 'Sincere Attitude' From Japan *[KCNA]* 36
Japan Urged To Compensate Army 'Comfort Women' *[KCNA]* 37
Academy of Sciences Delegation Departs for PRC *[KCNA]* 37
North, Moscow Agree To Cooperation in Fisheries *[KCNA]* 37
Laotian President Meets With North Envoy *[KCNA]* 37
Italian Delegation Arrives in Pyongyang 26 Nov *[KCNA]* 37
    Honors Memory of Kim Il-song *[KCNA]* 37
WPK Delegates Back From Cuba, Uruguay, Brazil *[KCNA]* 38
Sweden-Korea Friendship Group Publishes Magazine *[KCNA]* 38
Ugandan Advisor Gives Impressions of Visit *[KCNA]* 38
Paper Marks Anniversary of Ties With Botswana *[KCNA]* 38
Kim Il-song's 'Famous Works' Reported Abroad *[KCNA]* 39
Kim Chong-il Receives Foreign Parties' Messages *[KCNA]* 39
Mozambican Minister Gives Gift for Kim Chong-il *[KCNA]* 39
Foreign Papers Carry Kim Chong-il's Work *[KCNA]* 40
Kim Chong-il's Treatise Disseminated Abroad *[KCNA]* 40
Kim Chong-il Sends Thanks to Different Units *[KCNA]* 40
Kim Chong-il's 'Socialism Is a Science' Cited *[KCNA]* 40
Paper Praises Kim Chong-il's Theory on Science *[KCNA]* 41
Upholding Kim Chong-il 'Noblest' Obligation Urged *[KCNA]* 42
* Kim Kyong-hui's Becoming Vice Premier Predicted *[WOLGAN CHUNGANG Oct]* 42
Monument to Party Foundation Under Construction *[KCNA]* 43
Prominent Composer Visits King Tangun Tomb *[KCNA]* 43
Preventive Medicine Facility Fulfills Yearly Plan *[KCNA]* 43

South Korea

DPRK, IAEA Fail To Reach Full Agreement *[YONHAP]* 44
PRC Seismological Facility on DPRK Border *[CHOSON ILBO 27 Nov]* 44
Russian Commentator Views DPRK-U.S. Accord *[TONG-A ILBO 28 Nov]* 44
Agency Reports North Korean Defects to South *[YONHAP]* 45
DPRK Seeks Compensation for Poor Harvest *[CHUNGANG ILBO 26 Nov]* 46
Kim Chong-il's Succession Proceeding 'Smoothly' *[YONHAP]* 46
DPRK Cancels Doctors' Trip to Paris Over Rumors *[YONHAP]* 47
Russian Paper Reports Embalming of Kim Il-song *[YONHAP]* 47
KFTA Studying Establishment of Office in DPRK *[YONHAP]* 47
Companies' Pursuit of Trade With North Detailed *[YONHAP]* 47
Japan Refuses North Request for Coalition Visit *[YONHAP]* 48
DPRK Works To Establish Relations With Europe *[CHOSON ILBO 27 Nov]* 48
Han: KEDO Needs Additional Money *[YONHAP]* 48
U.S. Financing of Oil Shipments to DPRK Noted *[YONHAP]* 49
Senator Dole Questions U.S.-DPRK Accord *[YONHAP]* 49
    Official Sees Warning as 'Symbolic' *[Seoul Radio]* 49
    Daily Reviews U.S. Senate Hearing *[MUNHWA ILBO 28 Nov]* 50
Seoul To Bring 301 Trade Law Move Before WTO *[YONHAP]* 50
Russian Team To Visit DPRK To Market Reactors *[YONHAP]* 50
Russian Official on Policy on Korean Peninsula *[SEOUL SINMUN 26 Nov]* 51
Trade 'Efficient Quality Management' Viewed *[THE KOREA TIMES 28 Nov]* 52
Overseas Construction Orders Exceed 1993 Record *[YONHAP]* 53
President Urges Follow-Up Steps for Globalization *[YONHAP]* 53
* UR Benefits, Costs for Textile Industry Viewed *[SILMUL KYONGJE 28 Sep]* 54
Libyan River Project Official Arrives 28 Nov *[YONHAP]* 55
Ministry Plans To Simplify Immigration Processes *[YONHAP]* 56

National Unification Minister Departs for Tour *[YONHAP]* 56
Mayor: All Bridges Subject to Foreign Inspection *[THE KOREA TIMES 28 Nov]* 56
DLP, DP Political Impasse Expected To Continue *[YONHAP]* 56
Lawmaker: Former Military Clique To Form Party *[YONHAP]* 57
Ministry Rebuts Presidential Aides' Accusations *[YONHAP]* 57
DLP Convenes National Assembly Unilaterally *[YONHAP]* 58
Kim Tae-chung Views Yi Ki-taek's Resignation *[YONHAP]* 58
Group Formed for Indictment of 12 Dec 'Rebels' *[YONHAP]* 58
Bipartisan Negotiations on Coup Issue Proposed *[YONHAP]* 59
More on Local Taxation Programs Inspections *[YONHAP]* 59
Home Ministry Reportedly Knew of Puchon Fraud *[THE KOREA TIMES 28 Nov]* 59
* Articles Discuss 1995 Seoul Mayoral Election 60
    Poll on Candidates for Seoul Mayor *[SISA JOURNAL 22 Sep]* 60
    Article Analyzes Poll Results *[SISA JOURNAL 22 Sep]* 63
Hyundai Motor Reaches 1 Million Units Mark *[YONHAP]* 65

SOUTHEAST ASIA

Burma

Khin Nyunt Denies Germ Warfare Reports *[Rangoon Radio]* 66
Agreement Signed To Buy Vessels From PRC *[Rangoon Radio]* 66
Delegates Discuss Legislative Proposals *[Rangoon Radio]* 67

Brunei, Malaysia & Singapore

Malaysia

Minister Opposes UN Troop Pullout Proposal *[Kuala Lumpur TV]* 67
Minister Doubts Sincerity of APEC Members *[NEW STRAITS TIMES 22 Nov]* 68

Singapore

Military Exercise With Indonesia Ends 26 Nov *[Singapore Radio]* 68

Cambodia

Khmer Rouge Denies Killing Thai Loggers *[Radio PGNUNS]* 68
KR Comments on Government Buying Tanks, Planes *[Radio PGNUNS]* 70
Khmer Rouge Army Ministry on Right To Retaliate *[Radio PGNUNS]* 70

Indonesia

East Timor Residents Pledge Loyalty to Government *[Jakarta Radio]* 71
Dili Military Commander on Timor Rebel Forces *[Lisbon DIARIO DE NOTICIAS 22 Nov]* 71
CNRM, Fretilin, UDT Leaders on Timor Situation *[Lisbon EXPRESSO 19 Nov]* 71
Officer Says Political Openness To Increase *[REPUBLIKA 21 Nov]* 72
Editorial Cites 'Realism' at Bali OPEC Meeting *[SUARA KARYA 24 Nov]* 72

Laos

SRV Premier's Office Delegation Ends Visit *[KPL]* 73
SRV Education Minister Arrives 24 Nov *[Vientiane Radio]* 73
    Talks Held With Delegation *[KPL]* 73
Deputy Premier Receives Vietnamese TV Group *[KPL]* 74
National Bank Delegation Leaves for PRC Visit *[KPL]* 74
'Editorial' Welcomes Visit by PRC Delegation *[Vientiane Radio]* 74
Bank Reports 1993 Inflation Rate at 6.3% *[KPL]* 75

Philippines

U.S. Acquisition, Cross-Servicing Pact Viewed ... 75
    Ramos Rejects U.S. Initiative *[MANILA STANDARD 22 Nov]* ... 75
    Foreign Secretary Backs ACSA *[PHILIPPINE DAILY INQUIRER 23 Nov]* ... 76
Subic Projects Worth $615 Million Approved *[BUSINESS WORLD 21 Nov]* ... 77
New Investments Surge Through October *[MANILA BULLETIN 21 Nov]* ... 77

Thailand

More on Alleged Massacre of Workers in Cambodia ... 78
    Chuan, Thaksin, Wimon Comment *[Bangkok Radio]* ... 78
    Bodies of Seven Workers Found *[Bangkok TV]* ... 79
    10 More Bodies of Workers Found *[BANGKOK POST 28 Nov]* ... 79
    13 More Bodies Found *[Bangkok TV]* ... 79
Thaksin Criticizes Cambodian Envoy's Remarks *[THE NATION 26 Nov]* ... 80
Official Urges U.S., EU, Japan To Ratify WTO *[BANGKOK POST 28 Nov]* ... 80

Vietnam

Phan Van Khai's Report at National Assembly *[NHAN DAN 1 Nov]* ... 81

Japan

U.S. Move To Ratify WTO Agreement Welcomed

OW2511170494 Tokyo MAINICHI SHIMBUN in Japanese 24 Nov 94 Evening Edition p 1

[FBIS Translated Text] The government is welcoming the U.S. decision to approve legislation for implementing the World Trade Organization (WTO), saying "it will give a push to the WTO ratification process in Japan and the European nations, which have been watching the U.S. moves," (as noted by the Ministry of International Trade and Industry). As a result of this decision, it is now likely that the WTO will be inaugurated in January 1995 to mark the beginning of a new era where the global trade will be operated under multilateral rules covering wide-ranging areas such as the service sector and intellectual property rights.

The Japanese Government is planing to vote on the WTO agreement at the House of Representatives on 1 December. It remains uncertain when the House of Councillors will approve it because there is a possibility of the Diet being extended for more careful handling of this issue. However, a prevailing view in the political world is that "as long as Japan places greater emphasis on free trade, it should avoid placing itself in a predicament by becoming the only nation to fail to ratify the WTO agreement."

Diet: Mixed Views on WTO Cited

OW2411121594 Tokyo KYODO in English 0949 GMT 24 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 24 KYODO—Representatives of various groups appearing at a Diet hearing Thursday [24 November] expressed mixed views on the agreement for establishing the World Trade Organization (WTO).

Four representatives attended the hearing held by the House of Councillors' special committee to discuss the agreement, which is subject to Diet ratification.

The WTO, to replace the General Agreement on Tariffs and Trade (GATT) under the 1993 Uruguay Round accords, is expected to promote global trade liberalization measures.

Mayor Akira Kuroda of Saito, a farming community in Miyazaki Prefecture in southern Japan, told the hearing that he supported the government's 6 trillion yen package to deal with the effects of Japan's participation in the WTO.

He urged the government to improve the farming infrastructure to raise Japan's farming productivity.

Michio Mizoguchi, an adviser to major contractor Kajima Corp., also expressed support of the Uruguay Round accords, which he said would benefit both Japan and the world.

But Setsuo Kobayashi, a leader of a national farmers' group, opposed the agreement, saying ratification of the pact could seriously affect Japanese farmers, as did Japan's liberalization of beef imports.

Another farming leader from Hokkaido, northern Japan, said the government should work out legislation for protecting farmers from the effects of the wholesale trade liberalization of farm produce likely to be implemented in the coming years.

Expert Comments on U.S.-China-Japan Relations

OW2511090794 Tokyo MAINICHI SHIMBUN in Japanese 18 Nov 94 Morning Edition p 13

[Article by Asian Affairs Research Council chairman Nobuo Matsunaga: "Discussion Among Japan-U.S.-PRC Private Sectors Meaningful"]

[FBIS Translated Text] I see historical significance in the Japan-U.S.-PRC tripolar symposium [scheduled to be held in Tokyo on 1 December].

Japan and the United States have strong and healthy relations despite their trade problems. Japan and China are enjoying bilateral cooperation and friendship more than ever. Although the United States and China are not as close as the latter two, their awkward relations have become more normal after going through a shaky situation caused by the human rights and most-favored-nation status (MFN) disputes. To stabilize and develop the Asia-Pacific region, it is extremely important for these three nations to foster their ties by keeping everything in balance.

Smooth U.S.-PRC relations are an essential element in further developing Japan's relations with the United States and China. This is not difficult to understand when you take a close look. For example, if something goes wrong and the United States decides to impose economic sanctions against China, it will have a negative impact on Japan-PRC relations because the United States will doubtless call for support from Japan, one of its allies. As seen here, U.S.-PRC relations are something that concerns Japan too, and maintaining the tripolar political balance is a fundamental principle these nations must live up to.

Recently, U.S. policy toward Asian nations has changed and become more realistic as the Clinton administration decided to separate the human rights and MFN issues when dealing with China. If the United States insists on discussing them together, it would only end in a deadlock. Therefore, a policy change was a wise decision because it opened a new dimension in U.S. relations with China.

Constant contacts among Japan, the United States, and China are important for developing the tripolar political structure. The symposium to be held soon is not a government meeting but a conference sponsored by people from private think tanks. They will not only have an open session but also a closed session. Having discussions at the closed session is quite meaningful because people are able to cut loose from their government's stance at such meetings.

I attended an international symposium in Shanghai right after former Justice Minister Shigeto Nagano provoked a controversy with his remarks that defended Japan's atrocities during the past war. This issue was officially settled by his resignation but at a nonofficial session at this Shanghai symposium, criticism erupted from the Chinese side. Even though I explained that the Nagano remarks did not represent the opinion of the majority of Japanese people, they said: "Words only cannot be trusted." So I said: "Some of the Japanese people are concerned over China's increasing military spending and weapons exports." The Chinese participants refuted it by saying China's military expenses are rather small compared to the nation's population. We all laughed when I said: "Words only cannot be trusted." It is important to express your official stance and nonofficial gut feelings in a proper manner depending on the situation.

At the Japan-U.S.-PRC symposium, experts meetings on security and economic cooperation are scheduled to be held. It would be meaningless to discuss security issues in the Asia-Pacific region if the Korean peninsula situation is ignored. No final decision or judgment regarding the DPRK issue will be made in this symposium since North Korea will not attend. But it is a matter of course that the three nations should discuss their policies toward the Korean peninsula.

The U.S.-DPRK talks in Geneva paved the way for the settlement of North Korea's nuclear weapons development, as North Korea finally agreed to convert its current reactors to South Korean-type light-water reactors—the proposal it was strongly opposed to. This is tremendous progress. But we should remain cautious because we have to keep an eye on the DPRK issue over the next five to 10 years. I hope the U.S.-DPRK accord will be put into effect in a sincere manner during this time span.

Regarding Asian security, the ASEAN Regional Forum (ARF) has been set up under ASEAN this year as an arena for security discussion. But most Asian nations are depending on the existing bilateral security framework. This fact makes the Asian situation different from Europe's. A comprehensive security framework, which is equal to the CSCE and covers all Asian nations, must be built in the future. But I do not believe such a framework would immediately become a security organ that deals with friction or disputes in this region. Instead, I expect it will provide chances for opinion exchanges and discussions on subregional security issues.

I also attended the recent APEC forum as an adviser to the Japanese Government delegation. APEC was initially designed to promote economic cooperation in this region. But economy and security are of course interrelated. At last year's forum in Seattle, the Asian nations, not wanting to share the same destiny, opposed a U.S. proposal to create a Pacific community but reached consensus to create casual relations in this region.

We have to figure out where the international community is heading in this post-Cold War era. Defining the Japan-U.S. security framework is an important task in this transitional period. Now that the USSR, a potential enemy in the Cold War era, collapsed, we should rethink what is the meaning and role of the Japan-U.S. security framework in the upcoming new age. A similar opinion is found in the United States too. As long as there is no tangible basis for building a comprehensive and multilateral security system that covers the entire Asian region, a greater responsibility must be imposed on existing bilateral security frameworks such as the Japan-U.S. Security Treaty. Thus, a new Japan-U.S. security framework must contribute to achieving peace in the Asia-Pacific region. I expect such discussions will be held at the Japan-U.S.- PRC symposium since I believe it will foster the mutual understanding among experts from these three countries.

Territorial, Economic Talks Held With Russia

Moscow Seeks Stronger Ties

OW2711040894 Tokyo MAINICHI SHIMBUN in Japanese 26 Nov 94 Morning Edition p 3

[By reporter Ryoichi Sanbe]

[FBIS Translated Text] Moscow, 25 Nov—Russian First Deputy Prime Minister Oleg Soskovets will begin his five-day Japanese visit on 27 November, accompanied by his wife Efgenya [name as published]. The Russian Government hopes the high-level mission, which ranks next in importance to President Boris Yeltsin's October 1993 visit, will serve as a basis for further developing trade and economic ties with Japan.

Soskovets assumed his current post in April 1993 after serving as manager of a Kazakhstan industrial complex and chairman of the Russian Metallurgy Committee. Considered the third most powerful man in the Russian Government after Yeltsin and Prime Minister Viktor Chernomyrdin, Soskovets is known as a man with solid experience in practical matters regarding the industrial sector. He will be visiting Japan for the first time.

In a 24 November meeting with Jiro Kawage, chairman of the Federation of Economic Organizations of Japan [Keidanren] Japanese-Russian Economic Committee who is currently visiting Russia, Soskovets said: "There will absolutely be no turning back from our reform efforts. Japan has been cautious (about its economic relations with Russia). That may be important, but we hope that Japan will make decisions and take action."

Regarding the significance of Soskovets' Japan visit, a source associated with Keidanren's economic mission to Russia stressed: "His visit may possibly be comparable to (then) First Deputy Prime Minister Anastas

Mikoyan's visit in May 1964." The source referred to the progress made in bilateral economic relations following Mikoyan's visit as indicated in such projects as the Siberia and Russian Far East development projects.

This time, the Russian Government is focusing its efforts particularly on obtaining a larger loan from the Export-Import Bank of Japan in a bid to support Japanese-Russian private-sector projects. As part of its Russian aid program, Japan has set aside a $400-million loan through its Export-Import Bank but Russia is strongly requesting this be increased to $530 million.

First Deputy Premier Arrives

OW2711070194 Tokyo KYODO in English 1032 GMT 27 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 27 KYODO—Russian First Deputy Prime Minister [DPM] Oleg Soskovets arrived here Sunday [27 November] morning for a round of top-level bilateral talks that will focus mainly on economic issues.

Soskovets, who will meet with Prime Minister Tomiichi Murayama on Monday to discuss bilateral relations, is the first high-level Russian politician to visit Japan after President Boris Yeltsin's visit in October 1993.

Shortly after arrival, he meets with Foreign Minister Yohei Kono to discuss trade and economic affairs along with Japanese Government officials.

The foreign ministers are expected to discuss the issue of the territorial dispute over the four Russian-held islands off Hokkaido, Foreign Ministry officials said.

The four islands—Etorofu, Shikotan and Kunashiri Islands and the Habomai group of islets—were seized by the former Soviet Union at the end of World War II and the territorial dispute has prevented Tokyo and Moscow from concluding a peace treaty. But the talks on this issue are not expected to become detailed discussions, the officials added. The issue of Russian patrol boats' shooting of Japanese fishing vessels operating in waters close to the disputed islands will also be taken up, they said.

While Tokyo and Moscow will seek to reach an agreement to ensure safety of Japanese fishing boats, it is unclear whether the two sides can strike a deal.

Moscow has been demanding that Japan pay for fishing rights in the waters near the islands, and has been calling for a commercial fishing agreement with Japan. Japan has refused the offer on the grounds it would amount to acknowledging Russian sovereignty over the islands.

Tokyo during recent informal meetings reportedly proposed the extension of financial aid for the protection of fishing resources in the area off Hokkaido.

During Soskovets' visit, Japan and Russia are also expected to sign agreements concerning the rescheduling of Russia's trade debt payments of 180 million dollars, which are due in 1994, and Japanese technical aid to help Russia shift to a market-oriented economy.

The two sides are also expected to sign accords on Russia's entry into the World Trade Organization (WTO), ways to promote bilateral consultations on economic and trade problems and the smooth operation of Japanese language and business training centers, the officials said.

Kono, Soskovets Discuss Island Dispute

OW2711081694 Tokyo KYODO in English 0802 GMT 27 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 27 KYODO—Foreign Minister Yohei Kono and Russian First Deputy Prime Minister Oleg Soskovets reconfirmed Sunday [27 November] that Japan and Russia will seek a solution to the long-standing territorial dispute based on law and justice, Foreign Ministry officials said.

Soskovets said, however, it is difficult to solve the decades-long territorial row at once, considering public sentiment, according to the officials.

Kono and Soskovets, who arrived in Tokyo earlier in the day for a five-day visit, also agreed to start full-scale bilateral negotiations on fishing rights in the waters near the four Russian-held disputed islands, the officials said.

In a 90-minute meeting at the Foreign Ministry, Kono and Soskovets reaffirmed that Japan and Russia are "faithfully" abiding by the Tokyo Declaration signed when Russian President Boris Yeltsin visited Japan in October 1993.

Tokyo and Moscow agreed in the declaration to seek a solution to the nagging territorial problem based on the principles of "law and justice," while confirming that all treaties and international agreements concluded between Japan and the former Soviet Union will continue to be applied to relations between Japan and Russia.

Japan has for decades been demanding the return of four islands off Japan's northernmost main island of Hokkaido that were seized by the former Soviet Union at the end of World War II—the islands of Etorofu, Shikotan and Kunashiri and the Habomai group of islets. The sovereignty dispute has prevented Tokyo and Moscow from concluding a peace treaty.

Soskovets, who is in charge of economic affairs, is the first high-ranking Russian politician to visit Japan since Yeltsin.

Kono told Soskovets that because of the territorial dispute, the Japanese public still hold negative views toward Russia despite support for Moscow's reform efforts, adding that the solution to the problem will give great impact on the development of bilateral economic and trade relations, the officials said.

Soskovets, describing the dispute over the islands as being "complex," said building cooperative and trusting relations between Tokyo and Moscow will help pave the way for the solution to the problem, and pointed out that expanding trade and economic exchanges will contribute to creating interdependency.

As part of an effort to promote such exchanges, the Russian first deputy premier suggested boosting economic exchanges with the Kuril Islands, which Japan calls the "Northern Territories." But he did not elaborate on the contents of the exchanges, the officials said.

Soskovets also called the economic and trade relations between Japan and Russia unbalanced, with Japanese companies less enthusiastic than other countries on entering the Russian market.

Kono brushed aside the suggestion of promoting economic exchanges with the disputed islands, saying it is difficult given Japan's basic stance on the territories.

He also said that when political obstacles are removed between the two countries, Japanese private sectors will be more enthusiastic.

Kono also voiced regret over Russian patrol boats' detention and shootings of Japanese fishing vessels operating in the waters close to the disputed islands and suggested starting full-scale negotiations concerning the fishing rights in the area.

Soskovets was reported as replying that although Russia understands Japan's concerns, it is necessary to solve the problem of poaching. He agreed to Kono's suggestion for the negotiations.

Details of the negotiations will be smoothed out through diplomatic channels, the officials said.

Moscow in informal negotiations has been demanding Japan pay for fishing rights in the waters near the disputed islands, and has been calling for a commercial fishing agreement with Japan.

Japan has refused the offer, arguing it would amount to acknowledging Russian sovereignty over the islands.

Tokyo reportedly has proposed extending financial aid for protection of fishing resources in the area off Hokkaido.

Soskovets and his entourage will hold talks with Kono and a group of Japanese Government officials later in the day to discuss economic and trade affairs.

Discuss Trade, Investment

OW2711121894 Tokyo KYODO in English 1154 GMT 27 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 27 KYODO—Foreign Minister Yohei Kono called on Russian First Deputy Prime Minister Oleg Soskovets Sunday [27 November] to strengthen Russia's trade and investment environments so the two countries can expand bilateral relations in a balanced way, Foreign Ministry officials said.

Kono also told Soskovets in a two-hour economic session that Japan will consider a Russian request to use part of Japan's 500 million dollar humanitarian aid for investments in business projects, the officials said.

Japan wants to consider the Russian request when Russia fully uses credits from the Export-Import Bank of Japan amounting to 400 million dollars, Kono was quoted as saying. He told Soskovets Japan wants Russia to first of all use the 500 million dollar aid for the original purpose of humanitarian assistance, but that it understands Russia's request.

Japan wants to place priority on extending the aid to the Russian Far East, Kono told Soskovets, and that if requested by Moscow, it wants to use part of the humanitarian aid to help people who left the disputed islands off Japan's northernmost Hokkaido after the devastating earthquake in October, the officials said.

On the credits from the Export-Import Bank of Japan, Kono told Soskovets Japan has no intention of increasing the amount from 400 million dollars.

Soskovets replied that although it still needs further technical consideration, Russia may be able to finance four planned projects with that amount, the officials said.

Moscow has been asking Japan to increase the credits to about 530 million dollars to finance the four projects, including an oil refining plant in Yaroslavl and the Leninskiy Komsomol car plant.

Soskovets, who is in charge of economic affairs, is the highest-ranking Russian politician to come to Japan since President Boris Yeltsin visited in October 1993. He arrived in Tokyo earlier in the day for a five-day visit.

The afternoon session at the Iikura guest house was joined by Japanese and Russian trade, finance and agricultural officials.

Kono called for improving Russia's environment for trade and investment to attract foreign companies, saying Japan's private sector is hesitant to invest in Russia because of that country's huge debt.

The Japanese foreign minister said a cabinet-level economic and trade committee which the two sides agreed to set up will help boost bilateral economic relations.

Kono and Soskovets agreed to serve as chairmen of the committee, set up to cope with increasing bilateral problems such as Russia's debt payment, strengthening Russia's environment for trade and investment, and the smooth implementation of aid to Russia, the officials said.

The details of the committee will be ironed out through diplomatic routes.

Following the session, Kono and Soskovets signed memorandums concerning Japan's cooperation to help Russia enter the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO) to be launched in January, and on Japan's assistance for Russia's shift to a market-oriented economy, the officials said.

Japan agreed to reschedule Russia's trade debt payments of up to 280 million dollars due in 1994 as part of its aid to Russia, troubled by huge international debts it inherited from the former Soviet Union.

The debt includes 100 million dollars loaned from the Export-Import Bank of Japan.

Russia will be allowed to pay the debts over 13 years starting in September 1997.

Japan is estimated to have a total of 5 billion dollars in pending private and government credits against Russia.

Earlier in the day, Kono and Soskovets reconfirmed that Japan and Russia are "faithfully" abiding by the Tokyo Declaration signed when Yeltsin visited Japan, in which the two sides agreed to seek a solution to the longstanding territorial dispute based on the principles of "law and justice."

But the two sides remain at odds on the approach to the territorial row, with Soskovets placing priority in expanding bilateral economic exchanges and Kono calling for removing political obstacles first before further expansion of economic ties.

Japan has for decades been claiming sovereignty over and demanding the return of four islands off Japan's northernmost main island of Hokkaido which were seized by the former Soviet Union at the end of the World War II—Etorofu, Shikotan, Kunashiri and the Habomai islets. The dispute has prevented Tokyo and Moscow from concluding a peace treaty.

Kono and Soskovets also agreed during the morning session to start full-scale bilateral negotiations on fishing rights in the waters near the four islands, the officials said.

On Monday, Soskovets will separately meet Prime Minister Tomiichi Murayama, Finance Minister Masayoshi Takemura and Ryutaro Hashimoto, minister for international trade and industry.

Agreement on Joint Committee

OW2711092594 Tokyo KYODO in English 0827 GMT 27 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 27 KYODO—Japan and Russia agreed Sunday [27 November] to set up a cabinet-level committee to cope with increasing bilateral economic and trade affairs, Foreign Ministry officials said.

Foreign Minister Yohei Kono and Russian First Deputy Prime Minister Oleg Soskovets signed a memorandum on the establishment of the committee at the Iikura guest house in Tokyo. The details of the committee will be ironed out through diplomatic routes, the officials said.

Tokyo and Moscow have been discussing economic and trade matters on subcabinet levels up to now. But the two sides agreed to set up a committee and upgrade it to cabinet-level to discuss mounting economic and trade problems between the two countries, including Russia's debt payment, strengthening Russia's environment for trade and investment, and the smooth implementation of aid to Russia, the officials said.

Kono and Soskovets also signed memorandums concerning Japan's cooperation to help Russia enter the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO) to be launched in January, and on Japan's assistance for Russia's shift to a market-oriented economy, the officials said.

Under the memorandums, Japan will continue to offer Russia advice, information and technical assistance to help the country join GATT and the WTO, while Russia will continue to make efforts to strengthen its domestic legal systems and improve its trade system, the officials said.

Russia has been an observer to GATT since May 1990.

Japan will also accept Russian trainees or send Japanese experts to provide training on such topics as Japanese-style economic planning, management and financial policies, they said.

Also Sunday, Japan agreed to reschedule Russia's trade debt payments of up to 180 million dollars due in 1994 as part of its aid to Russia, troubled by huge international debts it inherited from the former Soviet Union.

Japanese Ambassador to Russia Koji Watanabe and Russian Ambassador to Japan Lyudvig Chizhov signed the document on the trade debt, the officials said.

The rescheduling of Russian trade debts covered by trade insurance is the second following 650 million dollars worth in 1993. Russia will be allowed to pay the debts over 13 years starting in September 1997. The debts are owed to Japanese companies and covered by trade insurance. Japan is estimated to have a total of 5 billion dollars in pending private and government credits against Russia.

Murayama, Soskovets Hold Talks

OW2811033694 Tokyo KYODO in English 0242 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Prime Minister Tomiichi Murayama and visiting Russian Deputy Premier Oleg Soskovets agreed Monday [28

November] that the two countries will make efforts on bilateral issues, including disputed Russian-held islands, based on a declaration in 1993.

After the meeting, Murayama told reporters that he saw eye-to-eye with Soskovets on the need to make efforts on important issues, including economic exchanges and the territorial question, in line with the declaration signed in October 1993, when President Boris Yeltsin visited Tokyo.

Soskovets, who arrived Sunday for a five-day visit to Japan, signed memorandums on the same day with Foreign Minister Yohei Kono on boosting bilateral economic and trade relations.

Concerning the decades-long territorial dispute, Kono and Soskovets reconfirmed that Japan and Russia are "faithfully" abiding by the Tokyo declaration.

Japan and Russia agreed in the declaration to seek a solution to the territorial issue based on the principles of "law and justice," while confirming that all treaties and international agreements concluded between Japan and the former Soviet Union will continue to be applied to ties between Japan and Russia.

The Soviet Union seized the four islands—Kunashiri, Etorofu, Shikotan and the Habomai group—off Japan's northernmost main island of Hokkaido at the end of World War II.

In a message to Murayama, Yeltsin invited Murayama to formally visit Russia, officials said.

Murayama expressed gratitute for the invitation, they said.

The prime minister also said he hoped that the request to visit Japan by Russian Prime Minister Viktor Chernomyrdin will be realized, they said.

Further on Murayama, Soskovets Talks

OW2811042094 Tokyo KYODO in English 0330 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Prime Minister Tomiichi Murayama and Russian First Deputy Prime Minister Oleg Soskovets in talks on Monday [28 November] agreed on the necessity to resolve the long-running bilateral territorial dispute as a step to forging a true relationship, Foreign Ministry officials said.

"We are the two neighboring countries and it's possible for us to pitch in closely," Soskovets was quoted as saying.

The pair in 30-minute talks at the prime minister's official residence reiterated that Japan and Russia should strive to deepen bilateral ties based on the Tokyo Declaration, which was signed in October 1993, when Russian President Boris Yeltsin visited Japan.

Soskovets reportedly expressed hope for mutual cooperation in trying to resolve bilateral problems, including the dispute over the four Russian-occupied islands off Japan's northern coast, and for the conclusion of a bilateral peace treaty in the future.

Murayama also reportedly spoke of the need for the treaty. "It is imperative to conclude a peace accord so as to perfectly normalize relations between the two countries," he was reported as saying.

In the Tokyo Declaration, Japan and Russia agreed to seek a solution to the territorial row on the basis of principles of "law and justice," while confirming that all pacts and international accords concluded between Japan and the former Soviet Union will continue to apply between them.

Tokyo has demanded for decades the return of the four islands, Etorofu, Kunashiri, Shikotan and the Habomai group of islets, which the former Soviet Union captured in the final days of World War II.

Soskovets, who arrived in Japan on Sunday for a five-day stay, called for Japan's economic cooperation with the four islands it claims, the officials said. But Murayama took a negative stance on the request, noting it will not be compatible with Tokyo's policy on the resolution of the territorial dispute, the officials said.

Murayama and Soskovets shared the view that closer bilateral cooperation in the economic and trade fields is necessary to enhance relations between the two countries over the long term.

Soskovets also handed Murayama personal letters from Yeltsin and Russian Prime Minister Viktor Chernomyrdin. In his letter, Yeltsin sought Murayama's official visit to Russia in the near future, according to the officials. While thanking Moscow for the invitation to Russia, the premier replied that bilateral relations should make substantial strides, particularly on the territorial dispute, when he visits.

"The visit should serve as a step toward progressing our ties substantially on the territorial and economic issues," Murayama said.

Soskovets on Debt Rescheduling

OW2811035494 Tokyo KYODO in English 0315 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Russian First Deputy Premier Oleg Soskovets called on Japan Monday [28 November] to cooperate in rescheduling Russian debts due in 1995 and after, Finance Ministry officials said.

Soskovets made the request at a meeting with Finance Minister Masayoshi Takemura, during which he also expressed appreciation for Tokyo's agreement to reschedule Moscow's trade debt payments due in 1994, the officials said.

Takemura was quoted as replying that Japan will take part in planned discussions on the issue at the Paris Club of creditor nations, together with other Group of Seven (G-7) major industrial nations.

Turning to another Russian request for permission to use part of Tokyo's 500 million dollar humanitarian aid for export credits, Takemura reiterated the government's readiness to consider such a diversion of funds for privatization and other projects, the officials said.

Japan will consider the request if Russia fully uses 400 million dollar credits already extended by the Export-Import Bank of Japan, Takemura was quoted as saying.

Soskovets arrived in Tokyo on Sunday for a five-day stay.

Toyoda on Sakhalin Oil Project

OW2811102794 Tokyo KYODO in English 1003 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—The head of the Federation of Economic Organizations met Russian First Deputy Premier Oleg Soskovets on Monday [28 November] and urged the country to launch a Sakhalin oil and gas development project, federation officials said.

Shoichiro Toyoda, also chairman of Toyota Motor Corp., told Soskovets that Russia should also start its fourth far east forestry resource development program, the officials said.

Soskovets suggested establishing a company in charge of such development projects. Toyoda told Soskovets that Russia should also immediately deal with trade debt payments owed to Japanese trading companies. Soskovets did not respond, they said. Soskovets hinted that Russia expects further investment from Japan, saying Russia's investment situation is ready for foreign participation.

Toyoda said, however, "Japan's investment activities are sluggish, affected by the collapse of so-called bubble economy. We have to first rebuild Japan's economy."

Saito Holds Press Conference

OW2811111394 Tokyo KYODO in English 1047 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Talks between Russian First Deputy Prime Minister Oleg Soskovets and Japanese leaders, in which they reconfirmed the Tokyo declaration signed in October 1993, were given high marks by a top Foreign Ministry official Monday [28 November].

Vice Foreign Minister Kunihiko Saito said at a press conference that the talks were meaningful because Soskovets is the first top-ranking Russian politician to visit Japan since the signing of the declaration by Russian President Boris Yeltsin during his visit. Saito also noted the significance in the reconfirmation given that reformists in Russia suffered a setback in parliamentary elections last year.

The talks also ended with an accord to begin official negotiations on fishing rights near four Russian-held islands off Japan's northernmost coast of Hokkaido, he said. Japan lays claim to the islands, which were seized in the closing days of World War II.

In talks with Foreign Minister Yohei Kono on Sunday and in a meeting earlier in the day with Prime Minister Tomiichi Murayama, Soskovets confirmed that Russia is abiding by the declaration and that it serves as a basis for the development of bilateral ties.

Japan and Russia agreed in the declaration to seek a solution to the nagging territorial problem based on the principles of "law and justice," while confirming that all treaties and international agreements concluded between Japan and the former Soviet Union will continue to be applied to relations between Japan and Russia.

Russia To Return Captured Fishermen 30 Nov

OW2811111594 Tokyo KYODO in English 1013 GMT 28 Nov 94

[FBIS Transcribed Text] Sapporo, Nov. 28 KYODO—Five fishermen seized by Russian coast guards off islands near Hokkaido, northern Japan, in August and October will be returned to Japanese authorities Nov. 30, the Nemuro Maritime Safety Station said Monday [28 November].

The officials said the Foreign Ministry has informed the station that Russian authorities will hand over the five at the Bay of Anama on Shikotan Island, one of four formerly Japanese-held islands which were seized by the Soviet Union at the end of World War II.

The crewmen are from the Kiei Maru No. 38, which was seized Aug. 15, and the Horai Maru No. 68, which sank after coast guards fired on it Oct. 4. The agency's patrol boat will collect the crewmen.

The officials said Koichi Ikeura, 31, captain of the Kiei Maru No. 38, and Yuichi Asai, 31, captain of the Horai Maru No. 68, will not be handed over.

A fourth crewman of the Kiei Maru No. 38, 25-year-old Norikazu Nakoshi from Nemuro in eastern Hokkaido, was hospitalized in Yuzhno-Sakhalinsk after he was wounded in the attack.

The Horai Maru No. 68 sank after Russian coast guards fired on it in waters near Shikotan Island. Its three crew members were taken to the island after being rescued by the coast guard vessel.

Moscow, which has called for a commercial fishing agreement with Japan, is increasingly cracking down on Japanese fishing boats off the disputed islands, known in

Japan as the northern territories. The islands are Kunashiri, Etorofu, Shikotan and the Habomai group of islets.

Tokyo has so far rejected concluding a fisheries treaty out of fear it might be interpreted as an acknowledgment of Russian sovereignty over the territory.

Fishery Talks Set for 7 Dec

OW2811115594 Tokyo KYODO in English 1130 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Japan and Russia will open negotiations in Tokyo on Dec. 7 on fishery quotas for next year in their 200-mile fishing zones, government officials said Monday [28 November].

The officials at the Fisheries Agency said Japan will oppose any Russian effort to increase the allocation requiring payments of fishing fees.

Japan was allotted 18,000 tons of catches requiring fishing fees in 1994 in addition to 100,000 tons of hauls free of charge. In the past, Japan hauled about 30 to 40 percent of its catch quotas in the Russian-controlled fishing zone, mainly of cuttlefish, mackerel and Alaska pollack.

Russia mainly hauled sardine in Japanese waters. Its catches, however, have plunged to only 0.8 percent of this year's quota as of the end of October because of worsened economic conditions.

Article Discusses East Asian Military Balance

OW2811055794 Tokyo AERA in Japanese 14 Nov 94 pp 23-28

[Article by editorial board member Shunji Taoka: "A Comparison of East Asian Military Capabilities: Rapid Changes in the Military Forces"]

[FBIS Translated Text] It is now five years since the (November 1989) collapse of that symbol of confrontation between East and West—the Berlin Wall. In Europe, the Warsaw Treaty organization has disintegrated, and the Russian military has completed its withdrawal from Germany. The U.S. troop strength in Europe, which was once 330,000 strong, now stands at less than 160,000, and future reductions will further decrease the total to 100,000.

By contrast, in East Asia, in the lands neighboring Japan, there have been no such vivid upheavals of political systems and almost no moves toward talks aimed at disarmament. Today, as it has always been, the Maritime Kray of Siberia is Russian territory; there are still military tensions on the Korean peninsula; the nature of the standoff across the Taiwan Strait and the strategic distribution of U.S. troops appear, at first glance, unchanged.

However, in the end, because the final determinants of military power are economics and financial capability, Russia's economic chaos, the severe budget constraints in China and the United States, the economic deadlock in the economy of the DPRK (North Korea), and the robust condition of the economies of Taiwan and the ROK are factors effecting fundamental changes in the military situation of East Asia.

Now, in the post Cold War era where we have been set free from the spells of the ideologies of socialism and anticommunism, the nations of the world are more than ever pursuing their national interests, as each nation seeks that which is best for itself, and itself alone.

An Era of National Interests

For example, with the NPT (Nuclear Nonproliferation Treaty) expiring next year, the United States, working to make this a permanent agreement to preserve the five nation monopoly over nuclear weaponry, has arranged Japanese and ROK funding for a 2 million kilowatt light water reactor for the DPRK in exchange for both a DPRK return to the NPT regime, and the closure of a 5,000 kilowatt nuclear reactor. In tandem with heading off both Japanese and ROK objections to permanent existence of the treaty, this will ensure that the main portions of the reactor sold will actually be American made despite the label "made in the ROK." This reaps significant security and economic benefits for the United States.

Only two years ago, citing the Chinese arms buildup, the United States succeeded in securing major arms sales, including the sale of F-16 fighters, to Taiwan. Immediately following this move, the United States approached China with an overture for "U.S.-China military exchanges" in an attempt to open up the Chinese market for arms.

Nor is the United States alone in this. Almost every nation has returned to the traditional canon of international politics.

In this age of national interests, the Japanese cannot be swayed by the "orders" or "wishes" of other nations, but must pursue autonomous external relations and an independent defense policy. The first step is to have an objective understanding of the changing face of military power in East Asia.

Russian Military Hollows Out While U.S. Forces Pay for Consequences of Earlier Arms Expansion

Military alliances are founded on facing "a common threat." The Russian military presence in the Far East, which was the prime target of the Japan-U.S. alliance, is rapidly hollowing out as a result of the chaos in Russia's economy and political system.

In 1991, at the time of the collapse of the USSR, the Russian military budget stood at 100 billion rubles.

However, by 1994, it had soared to 37.12 trillion rubles, recording a 370-fold rise in just three years.

However, over the same period, inflation was approximately 2,400 percent, resulting in an actual drop in expenditures to about one-seventh of its original size.

Today, a ruble is worth 0.03 yen. Russian military expenditures are therefore no more than one trillion yen, or equal approximately to one-fourth of Japan's defense budget, which stands at 4.68 trillion yen.

The differences in each nation's manpower and material costs mean that international comparisons of military expenditures are not a valid basis for comparing military prowess. As an illustration, a 20 percent appreciation of the yen against the dollar does not equate to a 20 percent increase in the military might of the Self-Defense Forces [SDF]. At best, a comparison of international defense spending levels may serve to indicate a nation's ability to purchase and import weaponry.

Nonetheless, a sequential time line comparison can be meaningful. No organization can survive on a budget that is one-sixth what it was three years ago.

As a result of the independence of many republics, the Russian military force has fallen from its 1990 manpower levels of some 4 million troops to its current strength of 1.91 million. While plans call for further reductions to 1.5 million by 1997, there are reports from the United States that say the degradation of the government's status has resulted in myriad cases of draft dodging and abuses of the conscription exemption system, reducing military manning levels to 1.5 million.

In September of this year, the unpaid electric bills of the [Russian] Ministry of Defense totaled 60 billion rubles, resulting in a cutoff of power to the Strategic Rocket Forces headquarters which directs the launches of nuclear missiles. In July, officers at the headquarters of the Russian Pacific Fleet in Vladivostok held a strike protesting the delays in processing their pay.

The sweeping reductions in military personnel mean that lower-ranking troops who were inducted through conscription can be released to return to their homes but regular commissioned officers are tragically bound. There are insufficient troops in the Siberian interior, and it is not uncommon to have units comprised solely of officers.

Russia Evolving Into a U.S. Ally

Once the proud flagship of the Pacific Fleet, the light aircraft carrier SS Minsk suffered from damaged engines and so little fuel that its heaters could not be operated. The officers abandoned ship, leaving behind only some 20 enlisted sailors. Last January, unable to bear the cold, the sailors left aboard burned wooden furniture in an attempt to keep warm. The fire spread, and the carrier is now a complete derelict.

The following month, of the 20 cadets at the military officers academy in Vladivostok who collapsed and were hospitalized for malnutrition, four died. Admiral Khvatov, commander of the Russian Pacific Fleet, was held responsible for mismanagement and replaced.

Despite repeated robberies where ammunition storage facilities are infiltrated for their weapons and ammunition, resulting in incidents that include accidental explosions, troop strength is inadequate to maintain guard. The Pacific Fleet Command even issued a warning that it would "plant mines in the areas surrounding storage facilities" but it appears the effects of this warning have not been enough. This year in April, a fully armed group of four targeted the ammunition storage in Vladivostok, fatally shooting an officer guarding the facility, before escaping with a haul of firearms and ammunition.

In the face of such conditions, new equipment replenishment has ground to a virtual halt. Lacking maintenance funds, older tanks, vessels, and military planes are now increasingly abandoned.

Once, the Russian submarine fleet consisted of more than 300 vessels. Current plans are to reduce the fleet to 89 submarines by the year 2003, and the five aircraft carriers to a single vessel. However, even these levels may prove insupportable.

Because of difficulties in maintaining the Petropavlovsk nuclear missile submarine base on the Kamchatka Peninsula, a proposal to concentrate all nuclear missile submarines along the coast of Beloye More [White Sea] near Murmansk, just east of the Scandinavian peninsula, is also under consideration. Russia's Pacific Fleet is preparing to return to a mere coastal defense guard.

It is possible that anti-communist, nationalist right-wing forces may increase their power in the name of rescuing Russia from confusion. However, even if the traditional authoritarian control of the government was effective in restoring order, it is not suitable to a free market economy nor an information-oriented society if it suppresses the people's free will and imagination. The military—in which command, communications and intelligence are more crucial than ever—is in the vanguard of the information revolution.

Restoration of "iron rule" would merely return Russia to the course of decline it had under the former Communist Party Government.

Rather, Russia is evolving into an ally of the U.S.

In March of this year, the first joint U.S.-Russian exercises in the Pacific were held in the seas near Okinawa. The Japan Maritime Self-Defense Forces were not invited. In June, joint amphibious assault exercises were held west of Vladivostok. It is a natural psychological reaction for the United States to find a Russia which has "surrendered and is on its knees" to be more appealing than "despicable Japan" with its stable society and successful economy.

United States: Desperate To Export Arms

As a military superpower, the United States is also suffering the consequences of excessive military buildup, although not to the extent of the former Soviet Union. The accumulated national debt, equal to about 70 percent of the GNP, or $4.5 trillion, is a snowballing inheritance from the 1980's. It derives from the Reagan administration's pursuit of military expansion against a Soviet Union which had by then already passed its peak, calling it the "Evil Empire."

The U.S. Government, with years like 1993 when the interest due on the national debt exceeded the national defense budget, must endeavor to decrease military expenditures if it is to restore the national finances.

The U.S. defense budget, which hit a $303.5 billion peak in FY 1991, was cut 13 percent to $263.8 billion for FY 1995 which began in October of this year. Adjusted for inflation, this is a cut of over 20 percent.

The total military strength which stood at 2.1 million in 1990, has now shrunk to 1.65 million, and will be cut further to 1.4 million by 1999. The Navy, which managed to float 600 ships at the end of the 1980's, will decrease its fleet to 330 by 1999, the 15 aircraft carriers to 12, and the number of major surface vessels in the fleet to about 110, which is not even double what Japan has. The number of nuclear powered attack submarines is expected to drop to around 50.

In reducing military spending, personnel and operating costs do not rapidly disappear. Consequently, the first thing to be cut is military supply and equipment costs, which have been more than halved over the last five years. In a projection by the U.S. Department of Labor, the U.S. military defense supply industry employed a work force of some 4.5 million workers during the late 1980's. Two million of that work force will be unemployed by 1997. To avoid this, the United States has turned in desperation to arms exports. In 1993, 72.6 percent of all arms exports to Third World countries were made by the United States. Its $14.8 billion total export volume dwarfed Russia's $1.8 billion, and China's $300 million.

In comparison to the sweeping cuts in Europe, cuts in Asia have been minimal. During the past five years in South Korea, troop strength has been reduced by about 16 percent, from over 43,000 to a little over 36,000. One result of the Philippine's decision not to renew the base leasing agreement was the displacement of just over 17,000 U.S. troops.

At one point, the U.S. forces stationed in Japan were being reduced, but recently the trend has been toward increases. The 44,800 level of September 1992 had risen to 46,800 in September 1993. One reason for this is that Japan pays out 594.4 billion yen (12.7 million yen per U.S. active duty member). It costs less to maintain troops in Japan than in the United States.

However, it is difficult to ask Japan to bear personnel expenses and training costs. For Japan, it would be of value to consider whether it is in its national interest to continue subsidizing a foreign military presence in Japan, slow the rate of U.S. disarmament, worsen budget deficits, and speed the fall in the U.S. dollar.

China's Forces Commercialize as Taiwan's Forces Modernize

"The United States does not view China as a threat. We consider China to be a friend." "The Chinese military readiness is unilaterally for self defense."

These declarations made by U.S. Secretary of Defense William Perry during his October visit to Beijing reflect the desperation of the U.S. Pentagon to open up the mainland arms markets.

The U.S. Government initiated overtures toward China last year, and now it is suddenly telling the Ministry of Foreign Affairs of Japan and other agencies that "any idea that China is expanding its military is wrong." This has confounded those Japanese who had been parroting the earlier U.S. line of Chinese military expansion.

An objective analysis presents almost nothing that can be called evidence of Chinese military expansion. The official announcements of Chinese national defense budget spending reflect rises of 14.9 percent last year, and 22.4 percent this year; however, inflation last year rose by 15 percent and was at 23.3 percent by September this year, for the end result of little change across the board.

Chinese purchases of new and powerful Russian attack fighters were used as indicators of the modernization of the Chinese military forces. Yet, in actuality, between 1991 and 1993, only 26 Su-27 Sukhoi's were purchased. Due to the lack of funds, half of these were procured through barter for goods in the form of canned meat and clothing. China's air fleet consists of 5,000 outmoded aircraft based on designs for the MiG 17, 19, and 21 developed by the former USSR in the 1950's. All these planes are slated for deactivation. The purchase of 26 fighters to renew an aging fleet of 5,000 is like a drop in the bucket.

By today's standards, an air fleet of 5,000 planes is oversized, but with an area 25 times the size of Japan and three fronts on which it must defend itself—i.e., Russia, Taiwan, and Vietnam—China likely requires about 1,000 planes simply for its air defense. Fighter aircraft can be used for about 15 years in frontline defense, which means 60-70 planes must be procured annually. The Chinese Air Force is rapidly losing its war potential—the ability to wage war.

China's Forces Diversify Sideline Business Interests

China sorely needs electronic equipment, engines, parts and technology from other countries for the domestic development and conversions of fighter aircraft. The renewal of U.S. assistance, halted in the wake of the Tiananmen Square incident of 1989, is certain to be welcomed.

Reductions in China's naval forces have also been marked. Five years ago, China had a fleet of 90 submarines (MILITARY BALANCE, 1989 edition), which is now down to 50. Old R-model submarines are being decommissioned in massive numbers, while the improved replacement model, the Ming, is being built at the rate of about one a year. There are 33 R-model submarines still in operation, but these are ancient artifacts, clones of the submarines the Russians built by copying the Class 21 German U-boats completed in 1944. They appear to have little real value, except perhaps for filming U-boat movies.

One guided missile nuclear-powered submarine of the Xia class was launched in 1981, but work on its production has since ceased, suggesting a failure of some sort. Five vessels of the Han class are thought to exist, of which few are deployed, and even those on an intermittent basis.

The surface fleet currently consists of approximately 55 vessels, but the 17 Luta class destroyers which serve as the backbone of the fleet are either copies or conversions of the Kotlin class destroyer developed by the former USSR in the 1950's. Domestically engineered frigates also exist, but when four of these were exported to Thailand, upon arrival they were immediately put into dry dock for repairs and refitting. This became a major political issue in Thailand. The vessel's styling appears somewhat modern, but a single glance is sufficient to see that its radar equipment and missile launching systems are outmoded.

The total military force strength, at 4.75 million in the early 1980's, has been cut to 2.93 million, with a future force level goal of 2.3 million. The ratio of military manning to the overall population of the nation as a whole is the same as that of the SDF.

As for China's nuclear war potential, the number of intercontinental ballistic missiles rose from six to only 14 over the past five years. However, missiles with nuclear warheads are still threatening. China has continued its underground nuclear testing in the face of criticism from the United States and other nations which have ceased underground test blasts. It says it will halt underground testing when the Total Test Ban Treaty takes effect. China has conducted fewer nuclear tests in the past than the other nuclear powers, so it is probably rushing to conduct last minute tests.

Although China's economy is growing rapidly, it has no national tax collection system. The system in place calls for local government to deliver two-fifths of their total tax revenue collections to the national government, and so the central government has no control over tax collection in each separate area. Today, with local government officials pursuing personal profits and profits for their local areas, the fiscal status of the central government has been in the red since 1986. The approved 1994 budget shows deficit spending of 130 billion yuan, or 26 percent more than annual revenues. Naturally, no progress is being made in military modernization which is an expensive proposition.

Official pronouncements place China's national defense budget at 52.5 billion yuan (approximately 610 billion yen), which is less than the entire budget of Yamagata Prefecture (650 billion yen). Despite its ability to maintain a force of close to 3 million men, because of low personnel costs and the low cost of living, the weakness of the yuan is reflected in China's inability to import the parts and weapons crucial to modernization.

There is a line of thinking that postulates the existence of a phantom national defense budget derived from the income of the roughly 20,000 businesses, or three times the number of its tanks, owned by the Chinese military. However, such businesses operated on the side by Chinese military personnel are a maverick reality. Riding the waves of materialism and an expanding open market economy, military personnel are turning into merchants. Every unit [has gotten involved], opening some 156 shooting ranges for the tourist market, operating hotels, restaurants and tourist flights, managing factories, and renting out military port and airfield facilities in exchange for usage fees, and even attempting real estate investments. This is a country in which the phrase, "The higher ups have their policies, and those below have their ways", is in vogue. There are cases of division commanders posted in lucrative coastal areas refusing transfers to divisions further inland, and staying entrenched in their current duty stations.

As the economy further decentralizes, the senior military officers turned businessmen are becoming "feudal lords". Ignoring their training and fiercely concentrating on doing business does more than merely debilitate China's war potential. The weakening of lines of authority in the very People's Liberation Army which has always held China together, gives rise to doubts about China's future unity.

In contrast, Taiwan has a population (21 million) 1.7 percent that of China's but its GNP stands at 43 percent of China's. Taiwan is rapidly modernizing [its military forces] as sundry nations desperately export armaments in the face of defense budget cuts.

Taiwan Has Over 500 Aircraft in Front Line

On order are 150 F-16 fighters from the U.S., 60 Mirage 2000's from France, and 60 Chingkuo domestic model fighters. The 270 F5-E and F model [fighters] currently in use are viable for the time being. The end result will be 500 front line aircraft, more than the number deployed by Japan, the United Kingdom or Germany.

In addition, the Navy has underway eight large U.S.-designed FFG-7 frigates (4,100 tons) being built in succession, and plans to build 16 French-designed Lafayette model (heavy frigates) and 12 domestically designed frigates.

The air battles of the 1950's and 60's over the Taiwan Strait were dominated by the Taiwanese Air Force with its superior equipment and skills. Control of the air and open seas assured control of Quemoy and Matsu Islands, positioned less than five kilometers from China and within range of [mainland] artillery. In future, the disparity between China's and Taiwanese air and naval power is expected to widen.

DPRK Forces Impoverished, ROK Forces Increasingly Confident

Approximately 17 months ago, the DPRK conducted an experimental launch of its ballistic missile, the Nodong-1. The missile, launched at the end of last May, traveled towards the Sea of Japan over a distance of about half its estimated 1000 kilometer range. There has been no second test since, and there is debate over whether the DPRK has halted or delayed further development. Should development still be underway, the normal course of events is to fire several tens of test launches, then correct any defects before proceeding with mass production and deployment. Lacking this, you would have no idea where the missile would go when the launch button is pushed.

Reportedly, at one point during the Iran-Iraq conflict, Iran asked the DPRK to develop missiles which were a match for Iraq's improved SCUD missiles. But Iraq's guided missiles have been eliminated, and Iran's financial status is suffering the effects of low crude prices. Iran has lost its interest in purchasing missiles from the DPRK. It is conceivable that the DPRK, suffering its own financial problems and technological difficulties, has either discontinued development of missiles which have no buyer, or continues only limited scale development.

The DPRK has ceased operations of an experimental nuclear power plant pursuant to a U.S.-DPRK agreement. Further, on 1 November, a moratorium was declared on the construction of other nuclear plants. The DPRK is no threat to Japan if it halts development of 1,000-kilometer-range missiles and nuclear warheads.

Widening Gap in Air Power Between North and South

The DPRK has been in almost total isolation since the former USSR in 1990 and China in 1992 established diplomatic relations with the ROK. The Russian refusal to sell crude at other than international market prices, and then only for foreign currency, has deepened the DPRK's serious energy crisis. Thus, it is a major success to have established official relations with the U.S. under an U.S.-DPRK agreement for 500,000 tons of crude annually. There are reports too, that China has agreed to supply 1.45 million tons of petroleum every year; half for free and the second half at 50 percent of the international market price. The DPRK can breathe a sigh of relief.

Still, the DPRK has managed to garner only little more than half of the 3.5 million tons of petroleum it once imported annually. While the DPRK has come out of the extreme straits faced in 1992 when a fighter pilot's annual training flight hours were only four hours (U.S. Air Force 236 hours), conditions have not changed in that there is insufficient [fuel] to maintain pilot flight readiness.

Due to its pronounced lack of foreign currency reserves, the DPRK can import no new equipment or parts. This has resulted in notable declines of its air power. There are statistics that say the DPRK has 770 strategic planes and the ROK has 440, but these figures in no way consider quality. If we compare only the number of planes that can be used in the front lines of modern air combat, the DPRK has 96 planes versus the ROK's 310, a figure which actually totals some 670 when the U.S. Forces' aircraft are included. Adding in factors such as pilot training levels, electronic instruments and the performance of air-to-air missiles, the gap widens further.

In modern combat, tanks and trucks are disabled when control of the skies is lost. The DPRK's ground forces, reportedly 1 million strong, would be forced to defensive measures in caves or resort to guerrilla warfare.

Over the last 40 years, ROK forces have built a stepped, permanent entrenchment along the 240 kilometer borderline. It would take several hundred thousand artillery rounds to break through any one point. Approximately 90 percent of the well-equipped, 520,000 strong ROK Army and 1,900 tanks (400 of which are old models) are deployed immediately south of the border. If reserve units are mobilized, this force can be doubled in two to three days. The situation is such that it is difficult to foresee DPRK tanks entering Seoul.

Nonetheless, members of the DPRK special forces have been known to infiltrate the ROK units disguised in ROK uniforms. Because they are of the same nationality, it can be difficult to tell friend from foe. Additionally, the metropolitan area of the South Korean capital, with its population concentration of 20 million, lies not quite 50 kilometers from the border. An invasion force of just a few planes would not give the ROK fighters enough time for emergency liftoff. There is no question the DPRK is in possession of SCUD B and C missiles which have the entire ROK within their effective range. It is also said that the DPRK has stockpiled 250 tons of chemical weapons, or according to one estimate, 1,000 tons. If missiles with chemical warheads are launched, the result would be massive chaos.

The ROK forces have publicly proclaimed "Operation 5027" which says that if attacked, the South would fiercely bomb all areas of the DPRK, proceed northward to occupy Pyongyang, then further proceed 100 kilometers north to the southern bank of the Chongchan River.

Their strategy here is apparently to put their capability to counterattack on display, so it will serve as a deterrent.

SDF Fears Manpower Shortfalls

The SDF, now recognized by the prime minister from the Social Democratic Party of Japan [SDPJ], has finally garnered a near complete "national consensus." But now with the collapse of the USSR and the hollowing out of the Russian military, the primary "potential aggressor nation" against which defense is planned no longer exists, and the need for the SDF to exist is now being questioned. Further, the SDF faces future recruitment difficulties due to a predicted decline in the available number of younger recruits, as well as financial difficulties resulting from the government debt which exceeds 200 trillion yen. Certainly, it can be said that the SDF has fared much better when compared to the predicaments faced by the U.S., Russian, Chinese and DPRK forces. However, the current reality comes as a shock to the SDF: This is the first time they have suffered real cuts in manpower and budgets.

The budget appropriations requests for next fiscal year's defense budget reflects an increase of 0.9 percent (43.3 billion yen). However, Japan's share of defense costs for the U.S. military forces borne by the Defense Agency alone this fiscal year will be 427 billion yen, and increase by 30 billion yen next year. Subtracting these figures [from the total budget] makes it apparent it is unlikely to keep up with the rate of inflation. This would force cuts in new equipment refit orders, training, and maintenance costs.

In terms of recruitment, the SDF is not having much trouble for the present as the recession has had the effect of keeping personnel from leaving the ranks. But it is certain that the population of 18-year-old males, currently at 980,000, will decrease to 740,000 in 10 years. Approximately 500,000 of these men will continue on to higher education. The number of male high school graduates who will be looking for jobs will be half of what it is now, and consequent recruitment difficulties are expected.

Climbing Yen Makes Defense Budget World's Second Highest

The proposal by the Defense Issues Council, an advisory body to the prime minister, to cut the SDF manning levels from the current 2.7 million to 2.4 million was made in anticipation of future labor shortages rather than as a conscious effort to reduce military forces.

Despite the SDF's apprehensions over its future, the appreciation of the yen has made Japan's 4.68 trillion yen defense budget—the second highest in the world—one-fifth that of the United States. Personnel expenses are high, but it has the ability to import parts and completed products, thus Japan surpasses its neighboring countries in new and powerful equipment.

In contrast to the Russian Air Force which only has a total of some 110 new MiG-29 and Su-27 fighters in the "Far East" area east of Lake Baykal (not including air defense guard's MiG-31's and others), the Air Self-Defense Force has 170 F-15's. Including somewhat older models, the Russian fighters and bombers in the Far East total 445 (not including air defense force planes), versus Japan's 350 which include F-4's (Phantoms). Considering the fact that the Russian Air Force cannot even train adequately because of insufficient operations funds, perhaps the battle capabilities [of Russia and Japan] are already equal.

The Russian Pacific Fleet has 50 surface warships (the number that can actually be deployed is dubious) compared to the Maritime SDF's 62. Russia has 34 submarines (not including strategic missile nuclear submarines); Japan has 16. With its approximately 100 P-3C anti-submarine patrol aircraft, Japan can probably contain the Russian forces alone, without help from U.S. forces.

However, since Japan has no nuclear weapons, we can only surrender if the United States, Russia or China threatens us with nuclear attack. In today's environment where the United States refers to Russia as a "quasi-ally" and to China as a "friend," and where the United States does not conceal its feelings of economic rivalry with Japan, the concept of the U.S. "nuclear umbrella" which prevailed during the Cold War era is now dubious.

It is such factors that lead the United States to be suspicious of the possibility of Japan's nuclear armament. In February, U.S. Secretary of Defense William Perry told the Senate Military Affairs Committee, "If we considered the DPRK to be a nuclear power, then it is possible Japan, South Korea, and Taiwan would move to possess nuclear weapons."

U.S. intentions behind the U.S.-DRPK discussions were not merely containment of the DPRK so that it would be no threat to the United States even if armed with nuclear weapons. The United States is unnecessarily concerned that Japan, with a GNP now at 80 percent that of the United States, might arm itself with nuclear weapons and become a military superpower.

Murayama To Grapple With Four Major Issues

OW2511130594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Nov 94 Morning Edition p 2

[FBIS Translated Text] Now that such pending issues as political reform, tax system reform, and an accord on the establishment of the World Trade Organization (WTO) are expected to be settled in the Diet during its current session, Prime Minister Murayama made clear on 24 November that he intends to grapple with the following as his key issues: 1) Japan's postwar issues; 2) the administrative reform; 3) a new economic policy; and 4) Japan's international contributions in line with the Constitution. He made the statement in response to questions from a group of reporters at the prime minister's official residence. While vowing to put the settlement of Japan's postwar issues at the top of his policy agenda, the prime minister stressed, "I would work to make a clean slate of Japan's postwar 50 years." As for the issue of shaping a new economic policy, he indicated that he would study ways to shape a new industrial policy and take measures to keep Japanese industries from being hollowed out.

The prime minister, who has managed to resolve major issues that he inherited from the Hosokawa and Hata cabinets, is now aiming to bolster the cohesive force shoring up his coalition government by vigorously putting forth policy themes and unveiling his own policies.

Opposition Criticizes Tax Package as 'Incomplete'

OW2511122994 Tokyo KYODO in English 1157 GMT 25 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 25 KYODO—The opposition camp Friday [25 November] attacked the newly enacted package of tax reform bills, calling it "unclear in its concept and objectives" and "incomplete from every angle."

The bills, passed earlier in the day by the House of Councillors, will not ease the heavy tax burden on wage earners in the middle income bracket, said a senior official from Kaikaku (Renovation), the main opposition group.

The package leaves unresolved such key issues as cost cuts through administrative and fiscal reforms, a sweeping review of various tax incentives and a long-range welfare plan, said Chikara Sakaguchi, head of a policy panel of the Buddhist-backed Komeito party, a major Kaikaku component.

Sakaguchi and other Kaikaku officials also called insufficient the tax overhaul plan, which features a consumption tax hike from the present 3% to 5% in 1997, saying the new rate is still a temporary figure subject to review.

The ruling coalition's two main partners, the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP), hastily drew up the package lacking wholesale reform in order to prevent a split in their partnership which could result from their differing ideologies on various issues, particularly the consumption tax increase, said Yuji Tsushima, head of Kaikaku's tax panel.

The two parties "did not lend their ears to the voice of the people" and eventually resorted to "forceful management" of Diet business on the package, said Kansei Nakano, chairman of Kaikaku's Policy Committee. "This is a crisis of democratic politics."

In a related development, 51 SDP members from both Diet houses set up a study group Friday to review the tax system, criticizing themselves for allowing the tax hike legislation without insufficient "administrative, fiscal reform and correction of inequalities in the tax system." The SDP initially opposed the consumption tax itself but eventually accepted it as part of policy changes implemented by SDP head and Prime Minister Tomiichi Murayama.

Government To Complete Draft Budget by 25 Dec

OW2611124494 Tokyo KYODO in English 1146 GMT 26 Nov 94

[FBIS Transcribed Text] Sapporo, Nov. 26 KYODO—The government plans to complete a draft budget for fiscal 1995 by Dec. 25, Chief Cabinet Secretary Kozo Igarashi said Saturday [26 November]. Igarashi said in a lecture in Sapporo that the draft budget will be endorsed at a cabinet meeting Dec. 25. The present plan calls for the Finance Ministry to come up with its program by Dec. 20, he said.

Spending To Rise 2%

OW2611080894 Tokyo KYODO in English 0702 GMT 26 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—The Finance Ministry plans to have general-operating expenditures in the next fiscal year starting in April grow by a tiny 2% due to tax revenue shortfalls as a result of the prolonged recession, ministry sources said Saturday [26 November].

General-operating expenditures, including public works, defense and official development assistance (ODA), are the core spending item in the general account of the country's national budget, in addition to the other two pillars—debt servicing and grants to local governments.

The sources said the growth rate will nearly match a 2.3% rise in the initial budget in the current business year, ending March 30, 1995, and is sharply lower than a request in August from government agencies and ministries for a 4.7% expansion in the fiscal 1995 budget, which will be compiled in late December.

The scale of fiscal 1995 general-operating expenditures will be brought down to the upper half of 41 trillion yen, down about one trillion yen from a combined 42.82 trillion yen requested by agencies and ministries, according to the sources.

Tax revenues are predicted to fall by 2 trillion to 3 trillion yen below the initial estimate of 53,665 billion yen due to the as yet full-fledged lifting of the economic recovery despite an Economic Planning Agency confirmation that the economy bottomed out in October 1993.

Among the core spending items, public works expenditures will maintain a 4% growth, the same level as requested from agencies and ministries in August, marking the fifth straight year for that outlay to rise 4% or more, they said.

Fiscal 1995 marks the first year of the country's new 10-year public works program, which was promised by Prime Minister Tomiichi Murayama's cabinet to expand domestic demand.

General-operating expenditures will be boosted by such factors as expenses for a national census, which takes place every five years, and the House of Councillors' election, which takes place every three years.

Another factor is swelled payments in the national pension program for the year with more people eligible for the payments than in the previous year, the sources said.

The ministry wants to keep annual growth in the official development assistance (ODA) outlays at less than 4% and that for defense outlays at below 0.9%, the sources said.

It also seeks to reduce expenses for educational outlays such as subsidies for private schools and granting school textbooks, they said.

Meanwhile, the general account budget for fiscal 1995 is likely to show the first year-on-year drop in 40 years, and the budget for the fiscal investment and loan programs will be reduced sharply, newspapers reported Saturday.

Finance Ministry officials said the general account budget for the year will be 70-71 trillion yen, compared with the initial budget of 73.08 trillion yen in fiscal 1994, the MAINICHI SHIMBUN reported.

It is the first decline from the previous year since fiscal 1955, when the budget dropped 0.8%, it said.

The belt-tightening is in line with the government's expectation of little growth in tax revenues amid the slack domestic economy, the daily said.

However, in an effort to support the recovering economy, the budget for public investments will be maintained at about 4% growth, the MAINICHI said.

The ASAHI SHIMBUN said the Finance Ministry has decided to allocate about 40 trillion yen in the fiscal investment and loan programs, short of the total 43 trillion yen requested by ministries and agencies.

The Finance Ministry is likely to keep the increase in the portion used for public works and lending to the private sector at 2-3% over the initial 1994 budget—the same yearly rise as in fiscal 1989 when there was no need to support the economy by public works spending, it said.

LDP, SDPJ at Odds Over Growth Rate

OW2811051494 Tokyo MAINICHI SHIMBUN in Japanese 23 Nov 94 Morning Edition p 3

[FBIS Translated Text] Work to compile the fiscal 1995 budget is now in full swing. A tug of war between the Social Democratic Party of Japan [SDPJ]-the Ministry of Finance [MOF] group and the Liberal Democratic Party [LDP]-the Defense Agency [DA] group has been intensifying over the defense budget, a main subject in compilation of the budget. In July, when the government decided on a 0.9 percent growth rate over the fiscal 1994 budget for the fiscal 1995 defense spending request, the ruling parties agreed that "the growth rate should be respected when the government finalizes the fiscal 1995 budget at the end of the year." However, enmeshed with the SDPJ's attempt to develop its dovish image, a call for further lowering the growth rate is increasing.

The agreement on the growth rate for defense spending was made after the LDP conceded to the SDPJ demand that "(the growth rate) should not be more than 0.9 percent." The LDP made the concession because it wanted to maintain the coalition government, which is composed of the LDP, the SDPJ, and Sakigake [Harbinger]. Meanwhile, by making that demand, the SDPJ aimed to boost the impression that the party advocates "disarmament." A senior LDP official said: "It was a prearranged plan for the ruling parties to demand the 0.9 percent growth rate at the end of the year."

From the beginning, the SDPJ voiced deep dissatisfaction with the accord. Now, to create the impression that the party is promoting "disarmament," which is the slogan advocated by the Murayama cabinet, the SDPJ has begun an attempt to further decrease the growth rate. SDPJ Secretary General Wataru Kubo made remarks in favor of reviewing the accord. He said: "Efforts to lower the growth rate should be made continually." Also, the MOF's stand is that considering severe financial conditions, "we will no longer regard the defense budget as being sacrosanct" (according to a senior official at the ministry). This stand sparked arguments over the ruling parties' accord on the growth rate.

The LDP is strongly opposed to moves seeking a lower growth rate. A senior official of the LDP's National Defense Division said: "If I am asked what would be the most important request regarding budget compilation, I would say it is to demand the 0.9 percent growth rate." In this way, he indicated that the LDP would protect the accord by all means. The DA aims to weather the current crisis in cooperation with the LDP. DA Director General Tokuichiro Tamazawa said: "The government should respect the ruling parties' accord."

With the aim of maintaining the coalition government, SDPJ officials close to the prime minister have given consideration to the LDP stand, as Chief Cabinet Secretary Kozo Igarashi said: "The agreement is important." However, they also have a strong wish for the budget compilation to reflect the SDPJ's policies so Prime Minister Tomiichi Murayama's centripetal force will increase, and the New Democratic League will remain in the party, although the group is trying to leave the party at an early date. "To gain a tangible decrease in the growth of defense spending," some are calling for postponement of budget appropriations for the procurement of next-generation, multi-purpose support aircraft (dubbed UX) if the selection of the aircraft, which is still undecided, disturbs Diet deliberations.

Under these circumstances, a special agreement between Japan and the United States has become a contentious issue. The accord obligates Japan to shoulder all salaries for Japanese employees and utility charges at U.S. bases in Japan in fiscal 1995. Although the DA has requested only half of the amount covering the planned growth of Japan's share of the costs for the U.S. forces, it has given an official pledge to the United States that it will "request the full amount in budget negotiations at the end of the year." To be able to fund the full amount, the DA is considering cutting other expenses. It will propose raising the retirement age of field grade officers as a way to curtail personnel expenses. It will also present factors contributing to cutting the budget, such as fluctuations in foreign exchange rates. In exchange for cutting other expenses, the agency is to request the full amount needed to cover all the costs stipulated in the special agreement.

* Editorial Criticizes Quality of Diet Debate

952B0013A Tokyo ASAHI SHIMBUN in Japanese 7 Oct 94 p 5

[Editorial: "The Way of Running Diet Debate in Coalition Era"]

[Text] At the Diet interpellation, the opposition side confronted the coalition, saying: "An election under the new electoral system should be held quickly so that the people's verdict can be heard"; "the Murayama cabinet is a poor second to the Liberal Democratic Party [LDP] and should step down immediately." These words are confrontational, yet they seem to lack urgent conviction.

It is worrisome that future budget committee debates may not have the momentum to produce positive results. The current Diet is packed with important issues, such as joining the UN Security Council as a permanent member, tax reform, political reform, and agricultural problems. If the debates become sluggish, the Diet will not be able to perform its role. Therefore, certain steps should be followed in the debates during this era of coalition politics. Here are some suggestions:

First, taking into account changing times and conditions, a straightforward debate must be held.

When Prime Minister Tomiichi Murayama was accused of violating a campaign promise on the consumption tax rate hike, Murayama said with conviction: "I am responsible for the government, and my decision regarding this issue takes into full account my responsibility; therefore, I am not betraying my campaign pledges."

In viewing campaign promises, the Social Democratic Party of Japan [SDPJ] has modified its absolute opposition on raising the consumption tax. The SDPJ told the ASAHI SHIMBUN during last year's general election that "the consumption tax should not be raised." I'm sure that many citizens supported this position and voted for the SDPJ. The prime minister's reply, I believe, does not answer the voters' question whether a party can ignore its traditional policy once it becomes the party in power.

In the management of a coalition government, there will be occasions when government policy differs from the party line. Searching for a consensus among parties in power by exchanging views can be a good practice in managing the coalition government.

Diet debate should not just be a forum for argument. It should be based on an honest explanation of the party's basic line and its changes. The explanation—and agony—of how a difficult decision was reached may be a way of obtaining a deeper understanding of policy choice. The process of concluding that the Self-Defense Forces are constitutional needs to be explained further so as to gain a better understanding.

If the above attitudes are absent, and after seeing the actual results of the past three months, there may be many citizens who will feel uneasy that Prime Minister Murayama may make further preposterous policy decisions, prompted by the existing situation.

Campaign pledges should be kept. However, when the pledges are changed, a certain procedure should be followed, and finally politicians should take responsibility for the election outcome. Regarding the consumption tax, some of the opposition parties have changed their attitudes greatly since the general election. Each party should carry out debate on these important issues, carefully looking at their own stance.

Second, debate should clarify differences in policy.

There are few confrontational policy issues between the coalition parties and the united opposition parliamentary group called "Kaikaku" [Renovation], which excludes the Japan Communist Party. Because of their policy similarities, much more work is required to come up with questions and counterproposals. Both sides, in order to inform the people of their differences, need to present concrete reform proposals, time frames, and priorities.

For example, if the opposition presses for administrative reform, and if it prioritizes the reorganization and rationalization of corporations, it has to give the time frame and scope of this privatization and integration.

Third, a debate permeated with the politicians' individual expressions is desired.

In the process of political realignment, when there are minor policy differences among parties, the personalities and views of the party leaders become important factors in supporting their party positions. There is no doubt that Mr. Murayama's unsophisticated manner at the beginning of his administration has contributed to regaining cabinet support. However, as far as the Diet interpellation is concerned, Prime Minister Murayama's personality has not been apparent, and his good points have disappeared.

Words and actions of the politicians make politics understandable to the people. The first step in achieving this closeness with the people is for the leaders to make the most of their personal characteristics and qualities. Politics will not come alive if politicians only safely read draft positions prepared by bureaucrats and party employees.

Legislators: 'Third' Political Force Needed

OW2611114194 Tokyo KYODO in English 1049 GMT 26 Nov 94

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—A large number of legislators concurred Saturday [26 November] on the urgent need to form a third political axis to rival two major conservative forces, a move that is likely to make Japanese politics even more nebulous.

At a symposium aimed at uniting "democratic and liberal" political forces, the lawmakers, primarily from Prime Minister Tomiichi Murayama's Social Democratic Party (SDP), reaffirmed a shared concern about the emerging bipolar political system.

While expressing caution about the two main conservative forces—the Liberal Democratic Party (LDP) and the soon-to-be-formed opposition Shinshinto (New Frontier Party), they also agreed to launch a fresh political group of democrats and liberals.

SDP Secretary General Wataru Kubo, a staunch advocate of the creation of a new party of such forces, said in his address that the proposed democratic and liberal party should play a due part in the era of coalition government.

"The SDP has a half-a-century-old history. We are now assigned the most important task of uniting democratic and liberal forces...so we can put an end to the party's history," he said.

At the symposium which drew about 700 people, including 63 legislators and their proxies, Kanju Sato, a panelist from the SDP and a former home affairs minister, cited the need for politicians to chase ideals and sought to marshal democratic and liberal forces as quickly as possible.

"I have a sense of impending crisis with regard to the possible creation of a system of two major parties around one political axis," Sato said.

"If we don't stand up and take action now, the nation will go in that direction. It will be an unhappy development for the people," he added.

It is widely believed that moves to unite democratic and liberal forces have surfaced as the main noncommunist opposition parties are headed for a merger into a single "superparty" to rival the three- way ruling coalition.

The birth of Shinshinto on Dec. 10 is expected to accelerate moves toward a full-scale reconfiguration of political parties, particularly under a new electoral system for general elections that will go into force Dec. 25.

The SDP, a partner in the governing union, has little chance of surviving if the party remains as it is now once an election is held under the new polling formula that combines single-seat constituencies with proportional representation.

The SDP's radical reversal of its traditional policies on defense and national security has estranged many supporters. The party is most likely to fade away as the winner-take-all nature of the newly adopted electoral method favors big parties.

However, the new party drive within the SDP, spearheaded by the New Democratic League (NDL), a group of legislators advocating early creation of a new democratic and liberal party, triggered a serious intraparty schism that could threaten Murayama's hold on power.

Banri Kaieda, a panelist who heads a tiny parliamentary group called the New Democratic Club in the House of Representatives, pinned high hopes on the NDL's breakaway from the SDP, indicating his group's possible tie-up with the NDL.

The New Democratic Club is scheduled to develop into a fresh political party Dec. 18.

Etsuya Washio, secretary general of the Japanese Trade Union Confederation (Rengo), the nation's largest labor group with eight million members, said that whether his group will support the moves to unite democratic and liberal forces hinges on specific actions to be taken.

"Most Rengo members want to create a new society along with democrats and liberals," Washio said, indicating Rengo will back the planned new party of such forces if it is really inaugurated even at the cost of an SDP split.

Hokkaido Gov. Takahiro Yokomichi, a candidate for leader of the democratic and liberal party, expressed readiness to take part in the new party drive himself.

"Uniting democratic and liberal forces is vital at a turning point in our history. I want to join that crucial move," Yokomichi told the symposium.

The return of Yokomichi, a former House of Representatives member of the SDP, to the national political scene has been hoped for by those trying to launch a third political force of democrats and liberals.

After the two-hour parley, former SDP Chairman Sadao Yamahana, who heads the NDL, said, "The NDL wishes to show a clear picture of itself as a wing of democratic and liberal forces before the regular Diet session next year." The ordinary Diet sitting is expected to open around mid-January.

He promised his group will decide by the end of the current extraordinary Diet session on a specific timetable on how to unite such political forces and what action to take.

* Further Takeshita-Ozawa Rivalry Predicted

952B0033 Tokyo SHUKAN GENDAI in Japanese 22 Oct 94 pp 28-31

[Article by journalist Kenya Matsuda: "Three Close Associates Are Assembled and Given 'Orders'"]

[Text] It is said that in mid-August former Prime Minister Takeshita made the following remark that revealed his inner feelings about his own complete reinstallation in the Liberal Democratic Party [LDP].

"It would be best to be unaffiliated. It would be easy for young Noda (Takeshi, 'Koshikai' [Renovation] secretary general) and Tsushima (Yuji, 'Koshikai' secretary) to come."

It seems he was saying that Diet members such as Mr. Noda and Mr. Tsushima, among others who transcended party lines and left the LDP this year to get on the new party bandwagon led by Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa should not be affiliated with the LDP if they are to visit the Takeshita residence.

Having created the Murayama administration and placed his associate Keizo Obuchi in the position of LDP vice president, former Prime Minister Takeshita, about whom rumors of a "comeback" have been circulating, joined the LDP's Diet action group on 28 September. Although he has been a member of the LDP up to now, former Prime Minister Takeshita, who has spent time being unaffiliated, has recently come to life on front stage.

The ones currently in control in Nagata-cho are former Prime Minister Takeshita on the ruling party side and Shinseito Secretary General Ichiro Ozawa on the opposition side. The grudge between these two men became decisive three years ago when the Keiseikai split apart, after which they divided up as ruling power and opposition party. They are now making sport of the political arena where political disputes are unfolded in a twisted framework of ideological assertions which is distorting Japanese politics.

Now Takeshita, even after the inception of the Murayama administration, has changed the mind of Finance Minister Masayoshi Takemura, who was opposed to the increase in consumption tax in the issue of tax reform and has exercised his influence on the Murayama administration on becoming a permanent member of the UN Security Council through MITI Minister Ryutaro Hashimoto.

In the general election in the summer of last year, Mr. Takeshita lost his official LDP recognition when he became entangled in suspicion in the Kominto incident, called the "black scandal," in which he was said to be involved at the time of the inauguration of the Takeshita administration (in 1987). Although after the election he obtained official recognition, he once again relinquished it due to the backlash from young party members.

Meanwhile, after circulating the phrase "old guard," Shinseito [Japan Renewal Party] Secretary General Ozawa bailed out of the LDP under the guise of a "reformist." Then, he established the Hosokawa administration by collecting non-LDP forces, thus destroying one-party rule by the LDP. He reigned as de facto supreme leader of the ruling party and, in the two successive administrations of Hosokawa and Hata, became mastermind of a "dual power structure," wielding power to suit his whim.

Casting a side glance at these developments, Mr. Takeshita gave a talk at the end of April in the city in which he began to broadcast signals concerning the possibility of regaining power by combining the LDP and the SDPJ into a coalition government. "The immediate future is completely unknown. A tentative agreement on policy is not out of the question. It is theoretically possible."

It was decided by the first 10 days of June. The current Hata administration was wavering on whether the old coalition framework could be reestablished and was cheered on by the SDPJ, which seceded from power, saying "[we] will regain power if you resign in masse." Mr. Takeshita called an emergency meeting at a hotel in Chiba Prefecture between former Secretary General Seiroku Kajiyama, Obuchi, and Hashimoto. In the discussion among the four men, which lasted approximately one hour, Mr. Takeshita issued the following commands: Mr. Kajiyama was to negotiate with the SDPJ for the purpose of establishing an administration on an LDP-SDPJ line; Mr. Obuchi was asked to have a general election in medium-sized election districts to match Mr. Hata's efforts; and Mr. Hashimoto was to coordinate and control the LDP executives.

Mr. Obuchi visited (then) Prime Minister Hata's official residence in the middle of June to press for "general elections under the current system." Mr. Kajiyama repeated behind-the-scenes negotiations, visiting Mr. Tomiichi Murayama's Diet residence in the early morning to avoid discovery by the media. It is said that Mr. Hashimoto went about persuading president Yohei Kono and Secretary General Yoshiro Mori. About that time, Mr. Takeshita mentioned to his close associates that "Yohei Kono will probably not consolidate the LDP. As for Toshiki Kaifu, well, never mind. There is also Masaharu Gotoda. Gotoda will probably take on the task."

The LDP's Drastic Measure of Allowing a "Prime Minister Murayama"

During the time that the Hata administration and the SDPJ were at odds about general resignation, the LDP was sending major signals to the SDPJ and Sakigake. It was a desperate approach in which the LDP played a trump card unprecedented in its history in which it said Mr. Murayama could become prime minister. Sakigake Secretary General Yukio Hatoyama reflects as follows:

"The old LDP would probably have never been able to make the decision to allow a socialist party leader to become prime minister. It was a dramatic step. It is sufficiently plausible that Mr. Takeshita, collecting information and advancing each chess piece into place, was searching for the feasibility of establishing an LDP-SDPJ-Sakigake coalition government, and that possibility is not denied. Although there is no way to know the inside information about under-the-surface maneuvering, our Secretary General (Masayoshi) Takemura met with Takeshita several times."

It is even said that immediately prior to appointing the prime minister, Mr. Takeshita prevailed upon Mr. Murayama, who voiced concerns about diplomacy including the Naples summit, by saying that "it will be all right because Hashimoto will be there (as cabinet minister)."

Meanwhile, Shinseito acting Secretary General Kozo Watanabe revealed the following. "A coalition between the LDP and SDPJ was forbidden, but their support of Mr. Murayama (in the 29 June prime minister appointment election) and our support of the LDP's Kaifu were both prohibited methods. Both are the same thing.

"I had a hunch that Mr. Takeshita was working to that end, but even when I met him we did not discuss it. There is no mistaking the fact that it was Mr. Takeshita who was coordinating the establishment of the current administration. Another person was Seiroku Kajiyama. That Mr. Takeshita is one persistent man."

In other words, the only person who could have played the forbidden hand of a coalition between the LDP and the SDPJ was Mr. Takeshita. A political journalist who knows Mr. Takeshita well agrees. "It was the king of forbidden hands. A single misstep would shake the LDP's conservative foundation. The only one in the present LDP who could make such a decision is Mr. Takeshita."

It was in this way that Mr. Takeshita drove Mr. Ozawa to "defeat." At the time when the Kominto incident was brought to light, even the SDPJ's Prime Minister Murayama who confronted Mr. Takeshita with the "Diet member resignation request" ended up acquiescing because "it is an internal LDP matter."

Boasting That "I Will Bring Reform"

The catalyst that originally started this return to power of Mr. Takeshita's was his close associate Mr. Obuchi. Mr. Obuchi first spoke of this matter as an LDP executive, saying, "I believe it is inevitable that he will be active as an unaffiliated Diet member" in July immediately after assuming the post of vice president. At this time, it was not an issue that was tinged with a sense of reality, but in September Mr. Takeshita appeared in an interview in THE NEW YORK TIMES (14 September). In the article titled "The King Maker Is Well and Planning His Return While Giving Advice From Behind the Scenes," Mr. Takeshita indicated a great desire to "return to power."

"Only a person intimately acquainted with the old political system can truly advance reform. I did not play a special role in realizing the coalition government between the LDP and SDPJ. My role (in the current administration) could probably be better characterized as that of mood maker."

He mingled a jab at Mr. Ozawa, who fancies himself a reformist, and while there is the aspect of his emerging at the last minute himself using three of his close associates, Mr. Takeshita contented himself by merely using the nice-sounding expression that he will be a mood maker.

Moreover, even just after returning to power he only made the praiseworthy comment that "I will gladly follow the decisions of the executives." What does this style which seems to divert the attention of the public from himself mean?

An associate close to him with cabinet experience explains: "Power is fearsome because it is invisible. In the case of Mr. Takeshita it is indirect. He comes up and firmly tightens his grip before one realizes it. Probably Mr. Ozawa knows this better than anyone."

Mr. Takeshita recently told an acquaintance the following: "If Shimane Prefecture becomes a small election district I would like it to be under LDP control," saying that "total LDP domination of Shimane's election districts" is of concern for the time being. The LDP plans to set up 300 candidates in the election districts under the small election district system. If Mr. Takeshita remains unaffiliated, only his election district, Shimane's new district 2, will become empty. In fact, his recent comeback had an aspect in terms of election countermeasures to avoid that. In addition, a bid for total domination of Shimane Prefecture would require putting into full operation Mr. Takeshita's vote collection machine that is scattered over the entire prefecture. The new Ozawa party must thwart that and plans to set up prefectural assembly candidates in all districts.

Also, Mr. Takeshita, who is nicknamed the "god of elections," is busy with the task of firming up the Shimane base in order to wage an all-out confrontation with Mr. Ozawa.

However, it is not even remotely possible that Mr. Takeshita's LDP comeback is only for the purpose of this one local battle. An associate of Mr. Takeshita's explains: "Election cooperation between the LDP and SDPJ is possible. They can cooperate by mutual bartering discussions for each election district and, since they have joined together in a coalition government, it is not unthinkable that they can cooperate on policy as well."

As for the confrontation with the opposition force "Kaikaku" [Reform] headed by Mr. Ozawa, there is no mistaking the fact that there will be fireworks in the initial small electoral ion district system. In fact, a person related to the LDP asserts the following:

"The biggest reason for the Takeshita comeback is election countermeasures. After all, there is no leader in the LDP now who can collect funds the way Mr. Takeshita can. In the Aichi upper house repeat election, we campaigned like amateurs and sustained a crushing defeat. He is our only hope."

The House Built on Sand Will Collapse

Said to be an additional factor in Mr. Takeshita's comeback are countermeasures for Komeito and Sokka Gakkai.

According to a certain LDP executive: "Komeito is quite fearful of honorary president Daisaku Ikeda being summoned to appear as a witness. Recently a weekly magazine carried an off-record discussion with Mr. Ikeda, and he appeared to be speaking with the knowledge that it would go public and with the recognition that he will be summoned as a witness. Mr. Ikeda is saying that he will cooperate with the LDP. Naturally, by Mr. Takeshita, who has a thick pipeline with Mr. Ikeda, making a comeback, Komeito will not provide all-out backing to the new parties. That is because many LDP Diet members are relying on Sokka Gakkai votes."

Mr. Takeshita's pipeline has multitudes of branches leading right to Mr. Ozawa's feet inside Shinseito. According to those around Mr. Takeshita, with the exception of three people, namely Mr. Ozawa, upper house member Sadao Hirano and former Defense Agency head Keisuke Nakanishi, members have connections with Mr. Takeshita even now. In terms of the Shinseito leadership, the above-mentioned Mr. Kozo Watanabe does not deny frequent meetings with Mr. Takeshita even since the breakup of the Takeshita faction. Mr. Hata almost always gives a "homecoming report" to Mr. Takeshita when he returns to Japan from a trip abroad. Moreover, Mr. Hata lists his name among the originators of Mr. Takeshita's "association to celebrate turning 70" and he even openly attended their parties during his term as prime minister.

Further, Mr. Hata was telephoning Mr. Takeshita for consultation during the dispute in June about whether his adviser, Keiwa Okuda, should be dismissed. It is said that even former Chief Cabinet Secretary Hiroshi Kumagai, who is regarded as a close associate of Mr. Ozawa's, is in contact with him.

It would probably not be an exaggeration to say that information about Mr. Ozawa's internal "isolation" makes its way to Mr. Takeshita the same day. A former secretary of the old Tanaka faction said that at the time of the formation of the Soseikai, "Takeshita" flags were fluttering all around before one knew it, and another one of the frightening aspects about Mr. Takeshita is that he will even immediately infiltrate the camp of his "arch rivals."

Moreover, currently in Nagata-cho "it appears that nearly 20 Diet members, mainly from Shinseito and the Japan New Party, will join the Murayama administration before the new party is formed." This kind of information is constantly whirling about. Since this is the situation even for Shinseito, which is supposed to be Ozawa's personal possession, it is even more likely that other parties that are rebelling against the Ichi-Ichi line [Ichiro Ozawa an Yuichi Ichikawa] leadership will be undermined.

According to the political bureau desk, "As usual, within the Japan Democratic Socialist Party there are forces that cannot get along with the Ozawa method and cannot join with the Komeito or the Soka Gakkai. There is a high probability that Mr. Takeshita will try to get his hands on them. In fact, such people as former Chairman Saburo Tsukamoto and Tatsuo Kawabata do not intend to participate in the new party. The Yamahana group of the SDPJ that formed the New Democratic Alliance [Shin Minshu Rengo] are also said to be partisans of Ozawa. However, even within that group is former Secretary General Hirotaka Akamatsu who said he would turn to the Ozawa side in the June election to nominate the prime minister but could not decide in the end, so Mr. Ozawa cannot let down his guard."

It is likely that the chair on which Mr. Ozawa is currently seated is merely like a house built on sand, and before one is aware of it, Mr. Takeshita, who boasts of wide-ranging connections in both the ruling and opposition parties, may use the advantages of the administration side to find a way to topple him.

Murayama Says SDPJ 'Unlikely' To Split

OW2611134494 Tokyo KYODO in English 1224 GMT 26 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 26 KYODO—Prime Minister Tomiichi Murayama said Saturday [26 November] his Social Democratic Party (SDP) [of Japan, SDPJ] is unlikely to split although an internal SDP group is promoting party dissolution, coalition sources said.

Murayama met Keizo Obuchi, vice president of the Liberal Democratic Party (LDP), a coalition partner of the SDP, and exchanged opinions on the New Democratic League (NDL), a group of SDP legislators advocating SDP dissolution and creation of a new democratic and liberal party, they said.

"It will not happen that a half of the SDP members split away and leave," the premier was quoted as saying.

Legislators, including NDL members, held a forum on Saturday and urged the formation of a "third" political axis to rival two major conservative forces—the LDP and the soon-to-be-formed opposition Shinshinto (New Frontier Party).

Former SDP Chairman Sadao Yamahana and current SDP Secretary General Wataru Kubo are among the most eager advocates of the establishment of such a new party.

Murayama and Obuchi agreed to do their utmost to stabilize the political situation and tackle the problems facing the coalition, the sources said.

They also agreed that their parties would cooperate as much as possible in Diet elections, they said.

It was the first time that Murayama and Obuchi have met alone since the SDP leader formed the coalition government in late June.

New Opposition Party Decides Name, Party Tasks

OW2811040994 Tokyo MAINICHI SHIMBUN in Japanese 25 Nov 94 Morning Edition p 4

[FBIS Translated Text] The former coalition parties' new party preparation panel, at its general meeting on 24 November, decided, through a ballot of dietmen on the panel, to name the proposed new-new party "Shinshinto." In addition to the party platform and party rules determined at this meeting, the panel decided "what tasks the new party should tackle." These tasks will be incorporated into the basic policies of Shinshinto in the future.

Now that the start of the new party under the new name has been set as 10 December, efforts to select a party head and high-ranking executives are expected to further intensify.

A total of 219 dietmen (including proxies) from both the House of Representatives and the House of Councillors voted on the name from five choices that were given by the public. The name "Shinshinto" had a large lead and collected 130 votes, while "Kiboto" [Party of Hope] collected 48, "Seishinto" [Clean New Party] 19, "Ningento" [Human Party] nine, and "Shinputo" [New Wind Party] seven. There were seven blank votes.

The English name of "Shinshinto" was set as the "New Frontier Party." [preceding three words in English]

In its platform, Shinshinto notes the importance of "freedom, fairness, friendship, and coexistence." As its tasks, the new party maintains the need to "persevere in efforts to achieve reform" and "in discussions on the Constitution" without any restrictions.

At this general meeting, some younger members asked for the formation of an election monitor council to hold an election after selecting prospective candidates for top party posts. However, panel chairman Ichiro Ozawa merely replied: "We will consider your opinion and discuss it later."

There have been strong calls within the panel for former Prime Minister Toshiki Kaifu to be made party leader and Ozawa, secretary general. However, no consensus has been reached in the panel since some members are supporting Shinseito [Japan Renewal Party] leader Tsutomu Hata as party head. Therefore, the panel needs to promote discussion to figure out how to select the party leader and other high-ranking executives soon.

10 Members Want To Quit SDPJ To Form New Party

OW2811053494 Tokyo YOMIURI SHIMBUN in Japanese 18 Nov 94 Morning Edition p 1

[FBIS Translated Text] It was revealed on 17 November that 10 members of the "New Democratic League" [NDL] (chaired by Sadao Yamaha)—which is a policy group within the Social Democratic Party of Japan [SDPJ]—think they "should secede from the SDPJ" to form a "new democratic and liberal party." Among the 10 members are former party Chairman Makoto Tanabe and Masao Nakamura, former parliamentary vice finance minister. They responded to a YOMIURI SHIMBUN survey on 16 and 17 November of members of the House of Representatives and the House of Councillors who belong to the NDL. Aside from the 10 members, some NDL members hinted at their intention to leave the SDPJ although they did not mention it directly. Thus, more than 10 members are ready to secede from the party to form a new party. The fact that moves within the NDL to defect from the SDPJ to form a new party have been revealed in concrete terms will probably have a delicate influence on not only the NDL's future strategy toward forming a new party, but also the foundation for Tomiichi Murayama's administration and political realignment moves.

Asked how a new party should be formed, Tanabe and others replied that they "are determined to see a split in the SDPJ and intend to leave the party to form a new party." Those who indicated the same view as that of both Tanabe and Nakamura are Makoto Taneda, Sachiko Maehata, Tetsuo Kitamura, Miyoko Hida, and two lower house members and two upper house members who asked to remain anonymous. While Taneda and three others insisted on the option of a "gradual defection" from the party, in which some group members will leave the party first, Tanabe and four others called for "defecting immediately without the process."

On the timing of forming a new party, Nakamura, Maehata, Kitamura, and Hida maintained that the new party should be formed before the major opposition parties form a new-new party on 10 December.

These members, who have met several times since early this month, are believed to have held a last ditch discussion on the new party formation. It is expected that the SDPJ will face the tense situation in the period between when the current Diet session ends (3 December) and 10 December.

Regarding the process of forming a new party, the NDL leadership, including Yamahana, is now inclined to follow an option of seeking a "developmental dissolution" into a new party, not a defection from the party. This option would take the form of a "divorce by agreement" (as stated by a senior NDL member) with a pro-Murayama group named "Association To Support the Murayama Administration and To Promote the Politics of Social Democratic and Liberal Forces" (chaired by Sekisuke Nakanishi). SDPJ Secretary General Wataru Kubo is believed to share the view. There are also moves within the pro-Murayama group to support the plan for gradually disbanding the SDPJ to form a new party. Some leading members close to the prime minister are seeking to hold a party convention in January to establish a "preparatory council for the new party formation." However, since Nakamura and others have maintained that a developmental dissolution into a new party will not result in the amassing of social democratic and liberal forces outside the party, Prime Minister Murayama will likely be urged to come up with measures to deal with such a "hard-line stance" within the party.

* SDPJ Policy Compromise To Hold Power Analyzed

952B0027A Tokyo USHIO in Japanese Nov 94 pp 118-121

[Article by Takao Iwami, political commentator: "Prime Minister Murayama's Speech and Actions Have Started Criticism"]

[Text] Although former Primer Minister Tsutomu Hata said "this illicit administration will collapse in a month," the Murayama coalition government has already lasted three months. A sense of security is gradually increasing and approval ratings are increasing. For the moment, there are no factors to indicate that the administration will come to an end.

Even after the great transformation in which the so-called three-item set (Japan-U.S. Security Treaty, Self-Defense Forces [SDF], rising sun flag and *Kimigayo* [national anthem]) was ratified in the extraordinary SDPJ convention (3 September), Prime Minister Tomiichi Murayama has been very careful to walk a line of realism. Even former deputy Prime Minister Michio Watanabe, who wrote in "Kaifu" in the election to appoint the prime minister, says, at once giving them credit couched in doubt, "I admit that it was an unexpectedly major transformation. Although it is surprising, if they didn't do it the prime minister could not manage. However, even though this may work as a general argument, what will happen when it gets down to specifics? Will they continue as they are with this major turnabout?"

Even with respect to internal and external matters that will become the point at issue in the extraordinary session of the Diet, the prime minister's position is being boldly revised within short periods of time.

Although he said (on 3 September) that "an indirect tax will not be the only thing, since there must be a balance between income, assets, and consumption," he turned in the direction of integrated handling with a tax increase and decrease, saying (on 6 September) that "the greatest weight must be placed on an indirect tax."

Also, on the issue of becoming a permanent member of the UN Security Council he said on 6 September, "This will be determined in a comprehensive manner after discussion with the nations concerned. However, it must reflect Japan's intentions," indicating neither a positive nor a negative attitude. Soon afterward, however, he set forth a strongly positive position when (on 16 September) he said, "If it will be possible to play a role in response to expectations in an arena where Japan can be active as a permanent member nation within the framework of the Peace Constitution, there must not be one iota of hesitation to become a permanent member."

Further, even on Rwandan refugee assistance, when it was decided that the SDF could carry machine guns, his attitude was clear-cut. "It is not as though they are going to take them in order to use them" (13 October).

When it comes to coordinating issues, the opposition axis in the extraordinary Diet becomes quite weak. This is because whether it is the integrated tax increase and decrease, positive participation as a permanent UN Security Council member, there are circumstances surrounding what the old coalition parties in power, such as Shinseito [Japan Renewal Party] of the opposition, originally advocated.

Early on, pointed criticism began to issue forth from the opposition party that "Prime Minister Murayama was only the head of the Diet Policy Committee. He is attempting to preempt in advance the attack of the opposition parties. However, it seems as though the prime minister is only able to think in terms of Diet policy."

Recently remarkable in the prime minister's speech and action is an aspect that nothing can be done about such assertions. It seems certain that the prime minister thinks that holding on to power will be possible if the first major controversy in the extraordinary Diet can be avoided. For opposition parties it will mean taking on the anguish for the time being that attack would be difficult.

At This Rate, the Pace Will Become Bureaucratic

Two party members, LDP President Yohei Kono (deputy prime minister, foreign minister) and new party Sakigake [Harbinger] Secretary General Masayoshi Takemura (finance minister), have taken the stance of total support of this way of Prime Minister Murayama's placing priority on maintaining power. Or rather, it may be more accurate to say that the prime minister has lost no time in coming into line with Kono's handling of the UN issue and Takemura's handling of tax reform.

In any event, all three party members are well aware that because the dangerous choice was made of a coalition government between the three parties of the LDP, SDPJ, and Sakigake, the administration would likely face collapse at the first sign of discord.

This is all the more apparent after the recent failure of the two administrations of Hosokawa and Hata which were toppled due to opposition between Shinseito Secretary General Ichiro Ozawa and (then Chief Cabinet Secretary) Takemura and the subsequent difference with Murayama. Cooperation with the prime minister is indispensable to the continuation of the coalition government, which is like a house of cards.

However, although the closer the cooperative relationship between the LDP, SDPJ, and Sakigake or their three party heads becomes the greater the likelihood of stability, the political situation lacks momentum, and has run into the new dilemma of stagnation. When politics lacks the proper amount of opposition and tension, it curtails the ability to survive.

Even within the SDPJ, doubtful voices are beginning to be heard that say "by putting too high a priority on maintaining power, Mr. Murayama is too understanding about everything and is swinging to the right in an alarming manner. It is enough to make one wonder what will happen. There is no semblance of an SDPJ prime minister. If this continues, there is concern that, instead of resembling the SDPJ, the basis of party politics will break down."

This assertion is only right, as excessive concessions will lead to abandoning the original function of political parties.

According to one LDP leader, "Since the SDPJ gave in on the security treaty, the SDF, and the rising sun flag and *Kimigayo*, it would be unable to keep face if we did not concede on the tax system and military reductions (cutting defense expenses). We cannot get anywhere unless there is a compromise spirit of give and take." However, the true situation is that the SDPJ has been continuously giving up too much.

This is due to the fact that the SDPJ is already without options and, in order to allow the party to continue to exist, it thinks that it must stabilize as much as possible the current coalition government and put up a "desperate defense." To that extent, its self-assertiveness will weaken.

Say SDPJ old boy former Deputy Chairman Yoshio Kitamura and others: "Because they took power, they must strive for policies that resemble the SDPJ. This might mean, for instance, not increasing the consumption tax rate. Once one or two policies are realized, the SDPJ would once again be appreciated and the cabinet support rating would be bolstered."

While this is a reasonable argument, it appears that the SDPJ now does not have the latitude to attempt such a thing. The longer its hold on power is prolonged, the more conciliatory it becomes, and it is destined to lose its characteristics as a socialist party.

Another problem is that, in exchange for the weakening self-assertiveness of the LDP, SDPJ, and Sakigake, the statement-making power of the bureaucracy has recently become noticeably stronger. There could not be a more convenient climate for the bureaucracy than this. It would be a different story if the same coalition contained one strong political party so policy could be determined amid the battle between the three parties. But as long as they are taking the stance as the are now of avoiding friction and opposition at any rate, things will proceed at a bureaucratic pace.

Criticism can now be heard within the coalition that, "although there is a project team for each policy among the three parties, papers prepared by the bureaucracy are going unchallenged because everything is running on a line of cooperation.

They are faced with the ironic phenomenon of internal unity conversely reducing the image and power of the administration as a whole.

It is now being seriously questioned as to whether the Murayama, Kono, and Takemura trio can extract themselves from this distressing bottleneck. It is the prevailing affliction of the coalition age.

SDPJ's Kubo on Plan for New Liberal Party

OW2411143594 Tokyo NHK General Television Network in Japanese 0001 GMT 20 Nov 94

[FBIS Editorial Report] Tokyo NHK General TV Network in Japanese at 0001 GMT on 20 November, in its "Sunday Discussion" program, carries a 36-minute interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan (SDPJ), by NHK commentator Takashi Yamamoto and freelance commentator Naoki Tanaka at an NHK studio in Tokyo.

At 0001 GMT, Yamamoto asks Kubo why he wants to create a new party while SDPJ Chairman Murayama is serving as prime minister. Kubo replies: "Although the disbandment of the SDPJ and political realignment are closely related, they are totally different in nature. Aiming to compete with conservative forces, such as the new-new party, we must establish a new party of democrats and liberals. This is our final task before bring the SDPJ's 50-year history to a close." Tanaka asks about Kubo's view on the report that only those factions which were ousted from SDPJ's mainstream when it left the former coalition have been favoring the new party concept to secede from the SDPJ. Kubo says: "Actually, I cannot deny that there are conflicts within the party.

However, conflict is not the only reason for the new party concept. Most party members want to create a third force to prevent domination by conservative forces."

Yamamoto shifts the topic of discussion to the new party's policy, by asking: "When the new party concept was first disclosed, you called for the unification of 'social democratic liberal' forces. Recently, however, you has been urging the unification of 'democratic liberal forces.' Please explain this idea." Kubo says: "To remain one of the ruling parties to achieve our goal of 'peace and justice,' we need to win a certain number of seats at the Diet. To that end, efforts should be made to obtain support from those forces who hold liberal policies other than social democracy."

Asked about differences in policies between the SDPJ and former coalition parties, he answers: "Former coalition parties, as well as the Liberal Democratic Party (LDP), have been making changes to their existing policies to deal with the new era of coalitions. There is no longer a wide gap in policies among political parties. The difference lies in varying policy emphases and priorities." Concerning the possibility of joining the former coalition parties' new-new party, Kubo denies this possibility, pointing out the great differences in the parties' stances.

Regarding the 1995 SDPJ Declaration, which is now being prepared, Kubo says: "It will be considered the new party's platform. I believe that most of our members will approve it."

At 0015 GMT, when asked about when the SDPJ would disband to establish the new party, Kubo alludes to the possibility of establishing a preparatory committee later this month. He further says: "We should clearly explain the new party's policy to the people before the inauguration of the opposition camp's new-new party, which is set for 10 December." He then expresses his firm resolution, saying: "Disbandment of the political party requires grave resolve and responsibility. I will not hesitate to bear responsibility as a politician in case I fail to achieve this task."

At 0022 GMT, Tanaka asks Kubo why the SDPJ needs to create a new party when the possibility that some LDP and DSP members will secede from their parties to join the new party of democrats and liberals is slim. Kubo replies: "It is difficult to create a third force under the flag of the SDPJ. However, political parties, concerned organizations, and individuals will be able to cooperate with each other in establishing the new party as the third force." He adds that "we need to win at least 100 seats at the Diet to implement the policies people want." Concerning the possibility of forming a joint floor group with Sakigake (Harbinger Party), he indicated a positive stance, saying: "If Sakigake gives favorable consideration to its participation in our new party, we will be glad to create the joint floor group."

Regarding the relations between the new party and the Murayama administration, Kubo says the new party will support it. However, he says that after the general election, the makeup of the present coalition should not necessarily be the same.

Asked about the new party head, Kubo says: "It is a matter to be decided through party discussions. I think that a man of steadfast faith, foresight, and resolution would be qualified to be the leader."

Regarding the possibility of a coalition with the new-new party, Kubo says: "It is probable, because none of the three parties—the new-new party, the LDP, and our new party of democrats and liberals—can win a majority alone." He then predicts that an increasing number of Diet members will call for a general election under the new electoral system after the redistricting bill is approved by the Diet. Finally, Yamamoto asks again about the schedule for the SDPJ's disbandment. Kubo replies: "It would be preferable to dissolve the SDPJ before the next ordinary Diet session to preclude the possibility of political confusion. As soon as the new party is created, we will begin preparations for the election for the House of Councillors set for next spring." The interview ends at 0036 GMT.

LDP Leader Criticizes SDPJ on New Party Efforts

OW2811114594 Tokyo KYODO in English 0947 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—Liberal Democratic Party (LDP) Secretary General Yoshiro Mori on Monday [28 November] criticized as "undesireable" moves by some members of the Social Democratic Party (SDP) [of Japan, SDPJ] to found a new liberal-centrist party.

Some SDP legislators led by former Chairman Sadao Yamahana have formed the New Democratic League, which aims to establish a new party in cooperation with liberal forces outside the SDP.

Speaking at a news conference, Mori said the league should act with more restraint to avoid inflicting in vain a feeling of insecurity upon voters.

"The timing is bad," Mori said.

A split in the SDP could jeopardize Prime Minister Tomiichi Murayama's three-party coalition government, in which the LDP is the largest partner. Murayama heads the SDP.

While acknowledging that the SDP, through recent major policy changes, has enabled the creation of the current coalition, Mori stressed that the LDP "has made great efforts to support the Murayama cabinet."

"Isn't the voice of the people calling for the SDP to take the very lead (in supporting the Murayama administration)?" Mori asked.

He said the league centered on a group of people who were not serious about the three-party coalition, but warned of its reverberations saying "the danger is that the movement spreads to the entire (party)."

Kubo on Formation of New Party

OW2811034294 Tokyo FNN Television Network in Japanese 2306 GMT 26 Nov 94

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2306 GMT on 26 November, in its regular Sunday "News 2001" program, carries a 28-minute live interview with Wataru Kubo, general secretary of the Social Democratic Party of Japan [SDPJ]. While FNN newscaster Yuji Kuroiwa acts as moderator, several guest commentators join him in asking questions—some of them via remote hookup. The commentators are political columnist Kenichi Takemura, writer Yoshimi Ishikawa, Keio University professor Yoshiaki Kobayashi, and political commentator Minoru Morita.

Kuroiwa begins the interview by referring to recent moves by the New Democratic League (Shinminren)—a group within the SDPJ—to form a new party, noting, in particular, a symposium held by that group on 25 November. Kuroiwa asks Kubo: "Do you think the symposium succeeded in starting a campaign to form a new party?"

Kubo replies: "I would like to say this was the first successful step toward the formation of a new party. I do not think it appropriate to interpret the Shinminren's moves as signs of rifts existing within the party. I am aware some people think that rifts have developed between the party chairman and the party general secretary and that supporters of the two individuals have formed factions to confront each other. That thinking is totally wrong. There are no differences of view between myself and party chairman Murayama to divide the party into two. We, two, agree even in that a new party is necessary, and we are now discussing how this matter should be pursued."

The SDPJ general secretary adds: "The symposium was held to discuss how all party members should move toward the goal of forming a new party, transcending their factions and groupings—under what ideals and what basic policies. That being the case, I think the event could be called a step forward."

Moderator Kuroiwa then says that it appears as if Kubo, who is the party general secretary and thus, is in the position of having to support party chairman Murayama, is now siding with "a group of rebels led by former party chairman Sadao Yamahana," and he asks Kubo to comment on that view.

Kubo discounts that view, saying: "They are not rebels. There is now a big—fast flowing—current for reorganization of the political world. And we have this question before us: Is it proper to have this current for reorganization of the political led and controlled by two groups: the old Liberal Democratic Party [LDP]—though it may be in the process of changing itself—and the group led by the people of Shinseito [Japan Renewal Party], who came out of the LDP and are now forming Shinshinto [New Frontier Party]? We all agree on the answer to that. The answer is: Definitely no."

General Secretary Kubo goes on to say that Shinminren was born out of the belief that Japan's political world must not be dominated by these two groups of conservatives and that a new third party with enough power to assume government must be formed.

Kuroiwa and the guest commentators then exchange views and agree that it is not clear what the people of Shinminren really want to do. Ishikawa says, "Are they doing all this in the hope of reforming the SDPJ, creating a new party separate from it, or breaking with the SDPJ? It is impossible to tell what they are trying to achieve."

Asked to comment on that point, Kubo says: "When I first announced the concept of forming a new party in early October, I meant to bring to attention to the fact that the SDPJ must think about what to do to survive these moves for political reorganization. Since then, however, it has become apparent that if the SDPJ thinks only about itself, it cannot find a way to survive."

When queried further on what the people of Shinminren are really after, Kubo says: "Reformation of the party is a task given to us by the public. And we have made efforts toward that. But reformation of the party and realignment of the political world are two different things. And this is the first time we have experienced such great moves for reorganization of the political world. In the midst of such moves for political reorganization, we will have to reform the party, but will also have to ask the question: What does the SDPJ want to do?"

Asked if the Shinminren's separatist moves are because of the fact that the Murayama administration did not give cabinet posts to SDPJ rightists, Kubo says: "I do not think their moves are motivated by a desire for cabinet posts. Both Shinminren panelist Kanju Sato and Chairman Yamahana already have experience as cabinet ministers." He adds: "As a matter of fact, rightists and leftists in the SDPJ have been carrying on faction activities quite candidly since the foundation of the party. I do not agree, however, with recent mass media reports noting that some say the motivation behind Shinminren is antagonism between SDPJ rightists and leftists, or Kubo and Murayama." Kubo adds that the current problem in the SDPJ is confrontation between reformists—those who want changes in Japan's politics—and conservatives—those who do not want to take action.

Referring to the new party's framework, Kubo says: "The new party must not have exclusionary characteristics. It must not adhere to antagonism of the past. We must make broadminded decisions, spreading our wings.

In this regard, I am calling for a new party for democrats and liberals. Dissolution of or a split from the SDPJ should not become our objective. The new party should not only be for democratic socialists, but also for democrats in a broader sense of the word. In particular, the party should seek a fair society as its main objective. To gather people to seek this objective, the party should accept people with various values. I am thinking of a group to lead in a new age, and to transcend the existing framework of the SDPJ."

In reply to the moderator's request for clear policy objectives of the new party, Kubo states: "For example, we are attaching importance to such issues as equality of the sexes and the livelihood of workers. In a recent Shinminren symposium, I told members that before establishing the new party, we have to determine the color of the flag, the slogan on the flag, and who should serve as the standard-bearer."

* Commentary Sees LDP Manipulation of Cabinet

952B0035A Tokyo SANDE MAINICHI in Japanese 6 Nov 94 pp 42-43

[Article by Soichiro Tahara in the "New Sunday Commentary" feature: "SDPJ, Its Septuagenarian Cabinet"]

[Text] Two days prior to 20 October when the Social Democratic Party of Japan [SDPJ] held its Central Executive Committee meeting, a left-wing leader of the SDPJ blurted out: "The secretary general's draft proposal will definitely be crushed. We will see to that." Consequently, Secretary General Kubo's paper was rejected by the Central Executive Committee.

The reason his paper was rejected was that many members strongly demanded the elimination of a phrase in his paper that read "to form a new democratic liberal party to lead the 21st century."

However, perhaps this may sound incomprehensible or totally uninteresting to many of the readers.

The fact of the matter is that currently within the SDPJ, there is an extraordinarily strong political movement surging through the party ranks.

It started on 31 August, when former Chairman Sadao Yamahana led 32 right-wingers and middle-of-the-roaders to form the New Democratic Alliance [Shin Minshu Rengo].

Naturally, the left-wing members opposed this action, saying: "You are forming a new faction," or, even worse , "This is a movement to unseat the Murayama administration." While the party was filled with controversy, Secretary General Kubo told the reporters at a press conference: "Our goal is to unite the social democratic principle with liberal forces, and to grasp the timing for the formation of a new democratic liberal party to lead our country in the 21st century." Kubo then wrote down what he said and submitted his draft proposal to the National Election Committee meeting. His paper was then rejected by the Central Executive Committee.

Of course, Kubo's words were in response to Yamahana's new group, the "New Democratic Alliance," and there is no doubt that Kubo considered the "New Democratic Alliance" to be the core of the new democratic liberal party.

The current administration is headed by the SDPJ chairman, and the SDPJ members, after having waited for so many years, have finally fulfilled their dream of being the party in power. But why aren't they working hard to sustain the administration? Why are they forming a new faction at this time? It appears that even the secretary general is denying his own party!

When a right-wing member who belongs to the "New Democratic Alliance" was asked why, he asked back: "Don't you think it's strange if we blindly follow the left-wing members? The left-wing members collaborated with the Liberal Democratic Party [LDP], whom the left-wingers criticized in the past as the rightists."

It is true that SDPJ's right-wing—Secretary General Kubo and members of the Democrats—tried to return to the former coalition, while the left-wing, led by Construction Minister Koken Nosaka and others, secretly contacted the LDP to build a new coalition. This resulted in a victory for the left-wing, but the right-wing sees the coalition as "problematic," stressing that "the SDPJ will break down, if nothing is done to save it."

When I asked if that was a "loser's cry," he repeated: "the SDPJ would be completely wiped out, if we did not take action"; "I do not want to say this, but the Murayama cabinet is, so to speak, a septuagenarian cabinet."

A septuagenarian cabinet... He explained: "This was the cunning tactic of the LDP. For instance, Tomiichi Murayama is 70 years old, Koken Nosaka (construction minister) 70, Shun Oide (posts and telecommunications minister) 72, and Tsuruo Yamaguchi (general affairs director) is 68."

LDP's Cunning Tactic To Prevent Dissolution, General Election

As a matter of fact, the SDPJ has a retirement age of 70, making Prime Minister Murayama and other cabinet members unable to run in the next election. In other words, they are retiring members.

Many of these retiring members held the majority of the party's share of cabinet posts. But why is this called the "LDP's cunning tactic"? He explained: "The prime minister's ultimate power is to dissolve the Diet. But Prime Minster Murayama will not be able to exercise his power, because he is retiring. If he dissolves the Diet, the retiring Diet members will have to step down, ending their political careers. Therefore, by appointing them to the cabinet, the LDP is able to maneuver political power at will."

Moreover, he pointed out: "The biggest problem facing the LDP-SDPJ-Sakigake coalition is election cooperation." "Up until recently, the LDP and SDPJ looked upon each other as enemies and fought elections by all-out criticism and denial of each other. They can never cooperate in an election. However, since the Murayama cabinet is full of retiring members, it does not have to worry about the election for now. This means the LDP will perhaps work in harmony with the SDPJ until the next election. But once an election is held, the LDP will undoubtedly try to destroy the SDPJ."

He added: "When the next election comes, the voters will turn away from the SDPJ, which has been managed by the LDP and made to follow the LDP's "pace" completely. Not only will the LDP give the SDPJ a hard time, but also, if the SDPJ is caught in the middle of the LDP and the new party, which will be formed out of the previous coalition, the SDPJ will suffer a miserable defeat. There is no future for the SDPJ."

But the retiring members naturally have no sense of urgency. That is the reason why a "third core" of politics, set clearly apart from the LDP and the new party, needs to be formed," according to the New Democratic Alliance member.

I can understand the sense of crisis that Kubo, Yamahana, and others feel. I think the rising of a democratic liberal force warrants attention, not only for the sake of the SDPJ, but also for the revitalization of politics.

DSP's Yonezawa Demands Early Election

OW2811115394 Tokyo KYODO in English 0849 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO—A senior opposition leader Monday [28 November] criticized Prime Minister Tomiichi Murayama's coalition government and demanded a general election as soon as a new electoral system takes effect in late December.

"We cannot help but take a critical stand against the current government formed in June," said Takashi Yonezawa, leader of the Democratic Socialist Party (DSP), at a press luncheon.

Yonezawa, a candidate for the head of Shinshinto (New Frontier Party) set to be launched on Dec. 10 through the merger of major noncommunist opposition forces, said the tripartite ruling coalition has failed to reflect the people's views shown in the July 1993 general election.

He said the two main components of the present coalition—the Liberal Democratic Party (LDP) and Murayama's Social Democratic Party (SDP)—suffered a humiliating setback in the poll and therefore are not entitled to be part of government.

"We will press a demand for an early dissolution of the House of Representatives and listen to the opinions of voters," Yonezawa said.

"We cannot put up with politics conducted by the current Murayama administration," he added.

Yonezawa insisted on an early election under the new electoral system to be introduced on Dec. 25, which combines single-seat voting districts with proportional representation in the lower house.

As for the selection of the leader of Shinshinto, Yonezawa said he will decide on whether to declare candidacy for the post after consulting his fellow DSP members.

Former Prime Ministers Toshiki Kaifu and Tsutomu Hata are other primary candidates for the top post of the united opposition party, which will be the second largest force in the Diet after the LDP.

Negative Aspects of New Electoral System Cited

OW2311140894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Nov 94 Morning Edition 2

[Editorial: "Single-Seat Constituency System That Cannot Prompt Policy Debate"]

[FBIS Translated Text] On 21 November, the House of Representatives passed a bill on electoral district demarcation, an amendment bill to the Public Office Election Law (the so-called Corruption Prevention Law), and a bill on redefining the status of political parties eligible for state subsidies for election campaigns.

Now that a package of reform bills—including the electoral district demarcation bill—and the Party Subsidy Law have been enacted, the current multi-seat constituency system, which has been in force for nearly 70 years in the House of Representatives, will give way to a single-seat constituency system and a proportional representation system. These new electoral systems will undoubtedly spur moves to realign the established political parties that started last year. The new electoral systems have already created a situation where political parties and candidates make busy campaign preparations, leaving the political situation unpredictable.

The latest enactment of the electoral district demarcation bill put the finishing touches on a package of bills related to political reforms. The introduction of the single-seat constituency system for 300 seats and the proportional representation system for 200 seats for the House of Representatives is a key element of the political reforms and a decisive factor in holding elections which cost less money and make candidates wage their campaigns on the basis of policies.

Recently, however, great expectations for the new electoral systems appear to be dampening rapidly. The introduction of the single-seat constituency system is not expected to help political forces sharing the same policies rally themselves. A long-standing notion—that a realignment of the established political parties, spurred by the introduction of the single-seat constituency system, will serve to improve the quality of Japanese politics by encouraging the political parties to compete with each other on the basis of policies—has lost ground. This is the biggest single reason for dampening great expectations. While a mechanism (the single-seat constituency system) is being created whereby the political parties practice politics and wage election campaigns, the policy differences among the political parties are disappearing. What is notable is that the political parties are checking each other.

Incumbent lawmakers are showing a tendency to give more priority than ever to activities of their support societies and groups in their respective electorates in a bid to survive under the single-seat constituency system. Since only one candidate is elected in one constituency under the single-seat constituency system, both incumbent lawmakers and prospective candidates are being forced to work out details of their campaign strategies. With the policy differences among the political parties disappearing, policy debates are not expected to be held in elections, and candidates, who change their party affiliations and give top priority to winning, will run in elections.

It has been publicized that reforming the conventional electoral system is a decisive factor in carrying out political reforms, but a cool mood toward the publicity is now spreading among voters. The single-seat constituency system differs from country to country depending on the political climate and the administrative system. In order for Japan's single-seat constituency system to become a primary factor in improving the quality of Japanese politics and encouraging the political parties to compete with each other on the basis of policies in elections, the political parties need to reform themselves, and administrative reforms, including government decentralization, need to be carried out.

With the bill on electoral district demarcation enacted in the Diet, the political parties are paying attention to when general elections will be held under the new electoral system and to a realignment of the established political parties. The formation of a new-new party, scheduled for December, will spread in reaction to realigning the established political parties and moves within the ruling Social Democratic Party of Japan to form a new party.

There are vast differences between these moves within the political circles and the political views of voters. The voters will not give their attention to unreconstructed political parties and politicians no matter how they rush to the realignment of the established parties and advocate reforms. It is desirable for the political parties and politicians to carry out the administrative reform and implement policies, rather than make moves to realign the political parties with general elections in mind.

Party Officials on Future Form of Government

OW2511103394 Tokyo ASAHI SHIMBUN in Japanese 17 Nov 94 Morning Edition p 7

[Interview with Yuichi Ichikawa, secretary general of the Democratic Socialist Party, and Kazuo Shii, secretary general of the Japan Communist Party, by unidentified ASAHI SHIMBUN reporter; place, date not given]

[FBIS Translated Text]

Interview With Yuichi Ichikawa

[ASAHI SHIMBUN] From now on, what do you think the focal point of confrontations over policy will be?

[Ichikawa] During the post-war years, Japan had two powerful issues on which to focus—the Cold War and economic reconstruction. The Cold War is over and Japan has achieved the goal of catching up to and overcoming the United States economically. What has been left of Japan after achieving the goal is efficiency. As a result, the question has been raised as to whether the Japanese can lead affluent lives with that efficiency and whether Japan's mass production has triggered trade friction with its trade partners. It is understandable that Japan has relied on the Japan-U.S. alliance in conducting its diplomacy, but Japan has paid too much attention to dealing with the United States. Japan has yet to outline a blueprint for maintaining Japan's prosperity.

Komeito and other parties which advocate reforms should put forth a concrete outline of foreign and domestic policies. Shaping such an outline will be quite laborious, but it is impossible to shape the outline without the strength capable of enduring such labor and the people's understanding. A new party, which the opposition parties intend to form, will shape that outline as its first task.

[ASAHI SHIMBUN] What do you think of the debate on the merits of a "large government" versus a "small government?"

[Ichikawa] Japan has already embraced them structurally. The debate does not concern merely whether the government should be big or small. What is important is to discuss how to keep the government from becoming larger. In that sense, the rate of the people's burden for the welfare budget should be capped at less than 40 percent.

Unlike Europe, where individualism has a long history, Japan is a village society where all villagers look after their neighbors in trouble. Therefore, I do not support the notion that individuals are responsible for doing everything on their own. What is important is how to keep the government from becoming large and how to try to harmonize the effort to keep the government from becoming large with the principle of committing individuals to being responsible for their own actions.

Komeito's policy champions "fairness in social distribution," and I do not believe that a large government is necessarily bad. We have to think about the fact that a large government can imbue the society with vitality. Public help cannot exist without self-help, and public help is supplementary in nature. All of the people should extend a hand to the handicapped and to those who are incapable of competing fairly with others.

[ASAHI SHIMBUN] The Liberal Democratic Party [LDP] insists on a small government and self-help. What is your comment?

[Ichikawa] Under the corrupt two-party system of the LDP and the Social Democratic Party of Japan [SDPJ], the LDP kept its government in place by incessantly accepting welfare requests and chose to accept a large government after giving up in the debate on whether a small government or a large government is better. I believe that the LDP is now holding the debate after concluding that the present situation cannot be left untouched. I believe that the question of whether a large government or a small government is better will not become a major point of contention between the ruling and opposition parties.

What will become a point of contention between them is the way in which a post-war society and economic structure giving priority to producers will be shifted to a society and an economic structure giving priority to consumers and workers. If the ruling and opposition parties hold an in-depth debate on the issue, it will become the axis of policy confrontation between them. For members of a new party, the LDP and the SDPJ, however, it is not easy to hold such a debate.

However, Japan's international contributions cannot become the focus of policy confrontation between the ruling and opposition parties, and if elections were held without any axis of policy confrontation, the ruling parties will win in the elections. Nothing can be done unless our opposition parties argue for turning the present situation around. Both the ruling and opposition parties are being asked to identify the issues that society will face in the future.

Interview With Kazuo Shii

[ASAHI SHIMBUN] What do you think will be the focus of policy challenges from now on?

[Shii] At the top of agenda for the current Diet session are bills related to revamping the pension system, raising the consumption tax, and ratifying an international accord calling for a partial opening of the Japanese rice market. All of these bills are major issues that could disrupt state affairs. Nonetheless, all political parties—with the exception of the Japan Communist Party [JCP]—are proponents of the bills. While the old ruling coalition parties pushed for the bills, the current ruling coalition parties have put the finishing touches on them. Both the old and new ruling coalition parties appear confrontational, but they are not confronting each other over the substance of crucial issues that actually affect the people's livelihood. Confrontation only exists between the JCP and conservative parties. A clear-cut axis of policy confrontation has never existed.

[ASAHI SHIMBUN] What do you think of the debate on whether a "large government" or a "small government" is better?

[Shii] What matters is the substance of such a debate. While Japan has a "small government" in terms of social security and welfare, it has a "large government" in terms of public works projects concentrating on large-scale projects and military spending. We need a government that emphasizes such areas as social security, welfare, and education that can actually improve the people's livelihood.

As for the question of whether "public help" or "self-help" is more important, what matters is substance. In Japanese society, "public help" is being lavishly provided to large enterprises and the settlement of bad loans incurred from the bubble economy. However, the government has cut back on welfare in the name of "self-help" and spoiled the pension and medical systems.

[ASAHI SHIMBUN] Is your welfare plan based on European ideals of social democracy?

[Shii] Social democracy in Europe made an irreversible mistake by recognizing the military alliance of the North Atlantic Treaty Organization (NATO). Northern European nations such as Denmark have a welfare system in which 24-hour home-nurse service is provided. Japan has some things to learn from such a welfare system. The question is how to finance such a welfare system. The notion that Japan will be unable to support financially a society of senior citizens unless the consumption tax is raised is groundless. My estimate is that Japan will be able to support these citizens financially with an annual growth rate of three percent even if the consumption tax is abolished and the level of welfare, pension, and medical service is raised.

[ASAHI SHIMBUN] What do you think will Japan be like in the future?

[Shii] For nearly half a century, Japan has acceded submissively to every demand from Washington in the military and economic domains. Needless to say, the submissive attitude of Japan should be called into question. Another issue is the establishment of economic democracy. If the people put about two million large enterprises under their control, bid rigging would be finished, employers would be kept from coercing their workers, and the hollowing out of industry would be stopped. This is the "reformist" position.

However, two conservative camps are bent on refashioning the stereotyped and rigid framework they have inherited from the LDP into an efficient one. Our party is not going to bring socialism to Japan immediately. For the time being, our party is going to pursue real democracy under the framework of capitalism. Our party intends to make efforts to find areas of agreement and forge an alliance with people who supported the SDPJ and others who took a conservative position transcending differences in their previous positions.

North Korea

IAEA Notes 'Constructive' Talks With North

AU2511175494 Paris AFP in English 1737 GMT 25 Nov 94

[FBIS Transcribed Text] Vienna, Nov 25 (AFP)—North Korean and IAEA officials have held "constructive" talks on freezing Pyongyang's controversial graphite nuclear reactor programme, a spokesman for the world's nuclear watchdog said in Vienna Friday [25 November].

International Atomic Energy Agency experts are in Pyongyang and at Yongbyon, North Korea's nuclear research centre 100 kilometres (60 miles) north of the capital, to discuss measures to monitor a freeze of the reactors in line with an agreement between North Korea and the United States signed in October. The reactors are capable of producing weapons-grade plutonium.

The talks will continue over the weekend, IAEA spokesman Hans- Friedrich Meyer said. A team of four experts from the IAEA arrived on Tuesday in North Korea. Two agency inspectors have been there for some months.

The discussions cover details of monitoring a five-megawatt (MW) research reactor and two reactors under construction with a capacity of 50 and 200 MW respectively as well as related installations.

Under the October accord, the graphite reactors are to be replaced by light water reactors producing far smaller quantities of weapons-grade material.

Confirms Facilities 'Frozen'

SK2811124894 Pyongyang Korean Central Broadcasting Network in Korean 1212 GMT 28 Nov 94

[FBIS Translated Text] A DPRK Atomic Energy General Department delegation and an International Atomic Energy Agency [IAEA] delegation have held negotiations.

According to the DPRK-U.S. framework agreement, the DPRK Atomic Energy General Department delegation and the IAEA delegation held negotiations in Pyongyang from 23 to 28 November 1994 on technical issues [silmujok munjeduredaehan] that must be resolved between the DPRK and the IAEA.

The IAEA delegation visited Yongbyon and Kaechon and confirmed that, as pointed out in the DPRK-U.S. framework agreement, the nuclear facilities presently have been frozen correctly and that the construction work had been suspended [chomi kibon habuimune chijoktoendaero haeksisolduri hyonje chonghwakhui tonggyol toeo ikko konsol chagobi chungjidoeo ittanungosul hwagin haessumnida].

In the negotiations, the sides discussed technical issues concerning the IAEA's activities in the DPRK and agreed on many issues.

The negotiations took place in a sincere and cooperative atmosphere.

The sides agreed to discuss some issues in the next round of negotiations.

Kim Yong-sam 'Trying To Block' Geneva Accord

SK2511145794 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 25 Nov 94

[Commentary by Yun Pyong-son: "Antinational Crimes Are Unforgivable"]

[FBIS Translated Text] It has passed one month since the adoption and announcement of an agreed framework between the DPRK and the United States. The adoption of the DPRK-U.S. agreed framework has opened the prospect for a fundamental resolution of the nuclear issue on the Korean peninsula, as well as prepared an advantageous phase for security and peace in this region and for reunification.

Amid great interest and expectations of people at home and abroad, projects to implement the agreed framework are now being promoted. Not only all Korean people in the North, the South, and overseas, but also a broad range of people in the world warmly welcome this positive situational development [kungjongjogin satae palchon] and hope there will be no action to put the brakes on the implementation of the agreement.

However, only the Kim Yong-sam ring of South Korea does not welcome the DPRK-U.S. agreed framework and is frantically running wild to put the brakes on its implementation.

The biggest of the crimes committed by the Kim Yong-sam ring for the past month is intentionally aggravating tensions on the Korean peninsula to drive the situation to a confrontation phase.

As soon as the agreed framework was announced, the puppets conducted the Eagle-94 joint military exercise, the alternate title of the 'Team Spirit' joint military exercise, with outside forces and staged the Pangpae and Hwarang war exercises in succession, stirring up the confrontation and war atmosphere. In addition, they have continuously conducted grave military provocations along the Military Demarcation Line, aggravating tensions.

It is needless to say that this is a deliberate and planned maneuver aimed at reversing the trend of peace and detente that prevails on the Korean peninsula following the adoption of the DPRK-U.S. agreed framework.

The maneuver to put the brakes on the DPRK-U.S. agreed framework was plainly shown by traitor Kim Yong-sam's junket [haenggak norum] to Southeast Asian countries. He was engaged in begging diplomacy to break the DPRK-U.S. agreed framework, but has been frustrated in his attempt, disgracing himself. Far from seeking a lesson from this, bowing to everyone he met during his recent junket, traitor Kim Yong-sam begged them to establish a cooperative system over the so-called nuclear issue. He also begged them to exercise their influence over the North so as to make it accede to North-South dialogue and economic cooperation.

The puppets' employment of a shameless begging diplomacy abroad and their ill-mannered intervention in U.S. businessmen's visit to the North, while talking about prior consultations or something, came from their vicious hidden purpose to interrupt the implementation of the DPRK-U.S. agreed framework, interfering in it and creating complexities and obstacles by any means.

Facts clearly show how frantically the puppets are trying to block the implementation of the DPRK-U.S. agreed framework. The Kim Yong-sam ring is indeed an eternally unforgivable traitorous group that does not have even the slightest interest in peace and reunification of the Korean peninsula and only pursues confrontation and division.

As everyone knows, traitor Kim Yong-sam recently told the puppet army that it is his invariable goal and dream to reunify the country under a liberal democratic system, undisguisedly showing his ambition of reunification by defeating communism. It is nonsense for the Kim Yong-sam clique, which pursues confrontation with fellow countrymen internally while begging for the establishment of a cooperative system outwardly, to talk about cooperation and dialogue with us.

The process [kwajong] following the DPRK-U.S. agreed framework has confirmed again that the Kim Yong-sam ring is not worth dealing with to anyone [ku nugudo sangjonghal taesangi mottoenda]. With the Kim Yong-sam ring as it is, our nation cannot be free from care and may have even a calamity of war. It has become clearer that removing the Kim Yong-sam ring is the only way to national reconciliation and unity and to an early achievement of the country's peace and peaceful reunification.

The antinational crimes committed by the Kim Yong-sam ring can never be forgiven. Our people will reckon [kyesan], without fail, the crimes of the puppet Kim Yong-sam clique that tries to block the implementation of the DPRK-U.S. agreed framework and to bring a disaster.

Makes 'Impudent Remarks'

SK2811045594 Pyongyang KCNA in English 0449 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—Those who go against the desire of the nation and the trend of the times will have to pay dearly, warns NODONG SINMUN today in a commentary denouncing the Kim Yong-sam group of South Korea for trying to block the implementation of the framework agreement between the DPRK and the United States.

Referring to the Kim Yong-sam group's acts conflicting with the spirit of the DPRK-USA agreement such as the Eagle 94 and Hwarang war exercises, the news analyst says:

In a bid to hamper the implementation of the DPRK-USA agreement, Kim Yong-sam during his foreign trip some time ago asked outside forces to "establish a cooperation system" over the "nuclear issue" of the North and "exercise their influence" on the North. He made impudent remarks concerning the expected visit of U.S. businessmen to the DPRK, as if he had had some authority.

Disgusting is his attempt to poke his nose into others' affairs while shamelessly asking something of outside forces. Moreover, it is grave as it is the last-ditch effort to turn the tables by squeezing in the implementation of the DPRK-USA agreement.

The Kim Yong-sam group, that is making a desperate effort to survive a crisis, might resort to a new adventure to exacerbate the inter-Korean relations and the DPRK-USA relations at any cost. But, it would lead the Kim Yong-sam group to its own grave.

Republican Review of U.S.-North Accord Viewed

SK2811024994

[FBIS Editorial Report] The following is a compilation of editorials and articles from ROK vernacular newspapers published on 28 November regarding the review of U.S.-DPRK nuclear agreement by U.S. Republican Senators.

The conservative CHOSON ILBO publishes on page 3 an 800-word editorial entitled "Cold and Warm Currents of the U.S.-North Korean Agreement." Stating that the problems of the agreement as pointed out by THE WASHINGTON POST and THE NEW YORK TIMES are the same concerns harbored by citizens of the ROK, the editorial deplores the optimistic view of the ROK Government, which is accelerating North- South economic cooperation despite flat refusals by the North.

Noting that the Republican Party recently won a majority of seats in the U.S. Congress, the editorial criticizes the ROK Government's view that "the agreement will not be invalidated or renegotiated due because

Republicans demand it." It also criticizes the government's optimism that the selection of the prime contractor of the light- water reactor project will not be decided by North Korea but by the Korea Energy Development Organization. The editorial states that even if the agreement itself is not invalidated, the ROK Government should be prepared for any changes in its conditions, and urges the government to take an "analytic and objective attitude."

The moderate TONG-A ILBO publishes on page 3 a 1,200-word article entitled "The Shadow of the Annulment of the North Korea-U.S. Agreement" by correspondent Kim Cha-ung from New York. The article analyzes that, in the event the Republican-controlled U.S. Congress succeeds in disapproving the budget for heavy oil to be supplied to North Korea, the Clinton administration will shift the burden to the ROK or Japan; in the event the Republicans insist on renegotiating or annuling the agreement, "North Korea might distrust the Clinton administration and decide not to comply with the agreement or delay its implementation, thus heightening tensions on the Korean peninsula."

However, the article states it is fortunate there are some Republicans who cautiously recognize the North Korea-U.S. agreement. It concludes that whether the Republican's review of the agreement will become a political offensive will be decided by the result of the hearings scheduled next week.

The moderate KYONGHYANG SINMUN publishes on page 3 a 1,100-word article entitled "The North Korean Nuclear Issue Might Return to the Starting Point" by correspondent Pak Su-man from New York. The article analyzes the fact that the Republicans decided to cooperate with the Clinton administration on ratification of the World Trade Organization while adopting a hardline attitude on the North Korean nuclear issue, which shows the Republicans' discriminative position on economic and security affairs.

The article anticipates: "The Republican Party will first expose the problems of the agreement during the hearing and review of the agreement in next year's Congressional session when the Republicans will be the majority party."

CPRF Denounces U.S., ROK Military Maneuvers

SK2711084494 Pyongyang KCNA in English 0833 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] issued information No. 664 on November 26 denouncing the U.S. imperialist warmaniacs and South Korean puppet clique for escalating military manoeuvres against the North of Korea.

They have staged large-scale Eagle 94, shield and Hwarang exercises even after the agreed framework was made public between the Democratic People's Republic of Korea and the United States of America. And they are now staging war exercises against the North in the air and on the ground along the Military Demarcation Line almost every day.

This is a deliberate and premeditated provocation aimed at impeding the implementation of the DPRK-USA agreed framework and driving the situation of the Korean peninsula to the brink of war from the current towards detente and peace, the information says, and continues:

The frantic war exercises staged by the Kim Yong-sam group against the North shows that "cooperation" and "exchange" it is now crying for is all a lie and it has an axe to grind.

If Kim Yong-sam continues rendering the situation strained in defiance of our repeated warnings, he will be further isolated and rejected at home and abroad and pay dearly for it, fully responsible for its consequences.

U.S., ROK Reportedly Commit Aerial Espionage

SK2711083594 Pyongyang KCNA in English 0822 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—The U.S. imperialist bellicose elements and South Korean puppets have ceaselessly committed aerial espionage and armed provocations against the North of Korea, according to military sources.

On November 24, the U.S. imperialists' P-3 patrol plane came to the air above South Korea from their overseas base and flew above Tokjok Islet on the West Sea of Korea and the East Sea [Sea of Japan] off Sokcho for the purpose of espionage on above and under the seas, while E-3 early warning plane committed earial espionage on the interior of the North, commanding flying corps mobilized in an air war exercise.

On the same day, their U-2, RV-1, RC-12 and nine other reconnaissance planes flew above the Military Demarcation Line area, engrossed in electronic espionage and photographing on the strategic interior and forward area of the North.

Meanwhile, armed bandits of the South Korean puppet army took a firing posture at the North side or fired thousands of bullets and shells at the forward area in different areas of Yonchon and Paju Counties, Kyonggi Province, and Yanggu and Chorwon Counties, South Korean Kangwon Province on the 24th and 25th.

Such provocations clearly show how frantic the bellicose elements are in preparations for a war against the North.

Military: South Koreans Fire Weapons in DMZ

SK2711084094 Pyongyang KCNA in English 0825 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—The South Korean puppets fired some 20 large-calibre machine-gun bullets in the Demilitarized Zone east of Panmunjom on November 25 and some 1,700 machine-gun and automatic rifle bullets in the Demilitarized Zone of Yonghyon-ri, Kimhwa County, on November 24 and 25, threatening the personal safety of civil police of our side, according to military sources.

Meanwhile, on the 24th and 25th the puppets introduced scores of military vehicles and hundreds of armed bandits into the Demilitarized Zone in the eastern and central sectors of the front, getting on our nerves.

The more undisguised military provocations in the Demilitarized Zone, synchronizing with the provocative "Hwarang" war game against the North prove that as long as the Kim Yong-sam fascist clique remains in power, neither reconciliation and unity between the North and the South nor the peace and reunification of the country can be expected.

Issue of N-S Cooperation Under NSL Questioned

SK2611102394 Pyongyang KCNA in English 1012 GMT 26 Nov 94

["Is 'Cooperation' Possible Under 'National Security Law'?"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—To the consternation of people, the Kim Yong-sam group is now asking the North for "cooperation" with the same mouth with which it agitated for confrontation and war.

In a by-lined article today, NODONG SINMUN says:

While calling for "cooperation," it maintains the notorious anti- reunification "National Security Law" (NSL) and insists that the "law" should be maintained.

The "NSL" of South Korea is a leftover of the military dictatorship which was engaged in anti-communism, confrontation and fascism. This is the worst anticommunist fascist law in history, which denies the nation, opposes reunification and stifles democracy. In the "general principle," the law defines all the political parties, government bodies and organisations in the northern half of Korea as "anti-state organisations," the northern half as an "anti-state area" and the entire fellow countrymen in the North as the "enemy." It bans travel, contact and dialogue between fellow countrymen, blocks exchange of materials and incriminates any move of the patriotic pro-reunification forces of South Korea for reconciliation and unity with the North.

How can North-South "economic cooperation" be realised with this law left intact?

The Kim Yong-sam group, maintaining the antireunification "National Security Law" and seeking confrontation and war, has nullified the North-South agreement and blocked the North-South dialogue which had taken place even under the preceding military "government." It must account for this crime before the nation. If the Kim Yong-sam group tries to mock the fellow countrymen and the world with the unconvincing call for "cooperation" while keeping the notorious "NSL" and sticking to anti-communist confrontation, it will only precipitate its own destruction.

Kim Yong-sam Accused of 'Brutal Suppression'

SK2611043694 Pyongyang KCNA in English 0422 GMT 26 NoV 94

["Papers Rap at Kim Yong-sam Group's Fascist Outrage Against Pro-Reunification Democratic Forces"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—The Kim Yong-sam group is committing a ceaseless and brutal suppression of the patriotic, proreunification democratic forces such as the arrest of and prosecution against Yi Chang-pok, permanent chairman of the National Federation for Democracy and Reunification (Chongukyonhap), who formed the South side headquarters for the promotion of the fifth pan-national rally (PNR) and sponsored the PNR in Seoul in August, by invoking the "national security law."

Branding this as another anti-national crime which can be committed only by the Kim Yong-sam group which is scared by the powerful onward movement of the South Korean people for the great unity of the nation and the peaceful reunification of the country and is running about to obliterate it at the point of bayonet, NODONG SINMUN in a signed commentary today says:

How on earth can the preparations for and holding of the PNR be a crime?

If any one should be punished concerning the PNR, the Kim Yong- sam group which ruthlessly cracked down at the point of the bayonet on the fifth PNR (Seoul) which was held reflecting the unanimous ardent desire of the South Korean people for reunification must be punished above all.

The Kim Yong-sam group, however, is suppressing the pro- reunification patriotic figures by branding them as criminals, despite its own crimes. How sinful this is.

By persecuting and suppressing the pro-reunification patriotic forces, the Kim Yong-sam group revealed by itself that the "dialogue", "cooperation" and the like proposed by it while winking at the North are a fiction and no more than a deception to cover up its antireunification splittist nature.

An analyst of MINJU CHOSON says that with the Kim Yong-sam group left alone, the South Korean people cannot free themselves from the present-day misfortune and disasters nor can the reunification of the country be achieved, adding that such fellows must be removed from the nation as soon as possible.

Paper 'Exposes' Kim Yong-sam Group's 'Crimes'

SK2711083194 Pyongyang KCNA in English 0818 GMT 27 Nov 94

["Anti-national, Anti-ethical Crimes Are Intolerable"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—NODONG SINMUN today exposes the anti-national, anti-ethical crimes of the Kim Yong-sam group and says they can never be tolerated.

A news analyst of the paper says:

Immeasurable are the crimes committed by the Kim Yong-sam group against the nation, estranged from the people. One of its blackest crimes is the anti-national, anti-ethical crime perpetrated by it when the fellow countrymen on the North were in the grief.

Kim Yong-sam should have expressed condolences on the death of the respected leader President Kim Il-song, who was not only his dialogue partner but the savior of his life.

The traitor Kim Yong-sam, who reportedly took even "a mock hand- shaking training" with the top-level talks at hand, failed to express condolences on the misfortune of his dialogue partner and, worse still, openly changed his attitude to totally refuse to express condolences and dispatch mourning groups and brandished bayonet against the fellow countrymen in the deep grief. This is a rash act beyond common sense reminding us of an immoral fellow biting the hand that feeds him.

The traitor Kim Yong-sam committed a blackest crime indelible down through generations to come, the crime which cannot and must not be done by a fellow countryman and a dialogue partner.

This is an announcement of a total showdown and war against fellow countrymen beyond courtesy and ethics and a never-to-be- condoned crime.

What cannot be overlooked is that the traitor Kim Yong-sam, who has been forsaken as "dirt of the nation" because he has totally frozen North-South relations and hurt the fellow countrymen deeply in their hearts, is trying to make good impressions that he is interested in the improvement of the relations, crying for "cooperation" and "reconciliation."

It is really a brazen-faced sophism that he, who unhesitatingly perpetrated rash acts against the elementary ethics and morality, antagonizing the fellow countrymen and seeking only confrontation and war, is now talking about "cooperation."

If the Kim Yong-sam group thinks that it can erase its anti- national, anti-ethical crimes with empty talks, it is a foolish and stupid attempt.

The South Korean people and the whole nation will surely keep tabs on the anti-ethical crimes against the fellow countrymen, as well as all the crimes the Kim Yong-sam group has committed during its days in power.

South's Debt Said Caused by 'Outside Forces'

SK2611044594 Pyongyang KCNA in English 0435 GMT 26 Nov 94

[" 'Growth' Advertised by Debtor"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—NODONG SINMUN today ascribes South Korea's trade deficit of 7,390 million dollars in the January-mid November period this year to the serious crisis and stagnation of the South Korean economy under the control and subjugation of outside forces.

The news analyst says:

Since he took office, the traitor Kim Yong-sam through market opening has sold off the interests of the nation to outside forces and opened the door wide for avaricious foreign capital to infiltrate into South Korea.

Moreover, he grants "privileges" to comprador capitalists while turning his back on domestic industries.

Like all other policies, his "new economic policy" has come to a total failure.

The Kim Yong-sam group is, however, advertising some "growth." This is a third-rate trick to conceal and justify his crime in having driven the economy and the people's life to a crisis.

The Kim Yong-sam group must bear the blame for the catastrophe of the economy and step down.

Repatriation of Unconverted Prisoners Urged

SK2611041194 Pyongyang KCNA in English 0403 GMT 26 Nov 94

[FBIS Transcribed Text] Pyongyang, November 25 (KCNA)—Organisations of Malta and Yemen demanded the repatriation of Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea.

The Malta-Korea Friendship Association in its letter to the Amnesty International and the International Committee of the Red Cross on Nov. 14 asked them to pay due attention to the demand of the Democratic People's Republic of Korea for the repatriation of Kim In-so, Ham Se-hwan and Kim Yong-tae, prisoners of war.

The South Korean authorities must send them back to the North unconditionally and without delay now that the agreed framework between the DPRK and the United States of America was adopted, the letter said.

The Yemeni Organisation for Human Rights in a letter to the South Korean chief executive on Nov. 12 stressed that old Kim In-so, Ham Se-hwan and Kim Yong-tae sincerely hope to return to their home towns in North Korea and meet their families and relatives.

The letter urged him to return them at an early date from a humanitarian stand.

ROK Opposition Leader's Demands Reported

SK2611105994 Pyongyang KCNA in English 1007 GMT 26 Nov 94

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—Yi Ki-taek, chairman of the opposition Democratic Party of South Korea, in a press interview on November 25 strongly urged Kim Yong-sam to decide on indictment against those involved in "the December 12 incident" of 1979, according to radio reports from Seoul.

If Kim Yong-sam does not bring a suit against them, he will be to blame for all the political crisis arising therefrom, he said.

Saying that he would resign as a "national assemblyman" to take opportunity to indict those involved in "the December 12 incident," he demanded the dissolution of the "National Assembly" through the resignation of all "national assemblymen" from the ruling party and opposition parties and the early general election.

ROK's Hanchongnyon Delegate Leaves Pyongyang

SK2711082494 Pyongyang KCNA in English 0806 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—Choe Chong-nam, delegate of the South Korean Federation of General Student Councils (Hanchongnyon), who had come to Pyongyang to participate in the ceremony for the completion of the reconstruction of the tomb of King Tangun, left Pyongyang.

He was sent off at the airport by Chairman Ho Chang-cho of the North side's headquarters of the National Alliance of Youth and Students for the Country's Reunification and members of its Central Committee and youth and students.

'Some 800' ROK Students Stage Protest

SK2711085594 Pyongyang KCNA in English 0829 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—Some 800 students affiliated with the Kwangju-South Cholla Provincial Federation of General Student Councils (Namchongnyon) met at the open-air threatre of Chosun University on November 25 and inaugurated the headquarters of the struggle against the non-prosecution against those involved in "the December 12 incident" in 1979 and "the early ratification of the Uruguay Round accord", a Seoul-based radio reported.

They protested against the puppet authorities' postponement of prosecution against those involved in "the December 12 incident" and strongly urged the authorities to take a legal action against the preceding dictators, have "the follow-up negotiations on Uruguay Round talks" and punish "the minister of home affairs" as regards tax scandals.

After the meeting, they demonstrated, shouting "punish the December 12 rebels," etc.

Earlier, the chairmen-elect of the General Student Councils under Namchongnyon at Chonnam and Chosun Universities released statements denouncing the puppet authorities for having caused a irregularity concerning a big disaster, frozen the purchase price of autumn grains and ignored the vital rights of the peasants.

Japan, ROK Denounced for Military Cooperation

SK2711142694 Pyongyang Korean Central Broadcasting Network in Korean 0634 GMT 27 Nov 94

[Dialogue by station reporters Chong Sun-tang and Yi In-chun: "An Alarming Military Move"]

[FBIS Translated Text] [Chong] Japan and South Korea recently held a working-level defense meeting in Seoul, convening the so- called defense policymakers, and agreed to strengthen their military cooperative relations. Let us talk about this today.

[Yi] Okay. The agreement between Japan and the South Korean puppets to strengthen their relations for military cooperation is a very alarming move aimed at further strengthening the Japan-South Korea military alliance to prepare for emergencies on the Korean peninsula. This not only puts our people but all the people of the world on the alert.

What matters is that the rascals have agreed to further strengthen their military cooperation, threatening us at present when the announcement of the DPRK-U.S. agreed framework and the process of its implementation has brought the trend of peace and security in the Korean peninsula and Northeast Asia.

[Chong] I agree to the point. This military move by the Japanese reactionaries and the South Korean puppets shows that they have not abandoned the criminal attempt to gain supremacy over our Republic by interrupting the implementation of the DPRK-U.S. agreed framework, and by driving the situation of the Korean peninsula to a crisis, does it not?

[Yi] Yes, it does.

[Chong] As everyone knows, the Japanese reactionaries—who pursue militarism and retaliation [poksujuui], renewing their old dream of the greater East Asia co-prosperity sphere—are engaged in large-scale reinforcement of the Self-Defense Forces, seeking to become a military power, and are trying to step on a springboard to overseas aggression.

[Yi] You are right. This is shown simply by the following few facts: Japan ranks first in military growing speed in the world and second in [word indistinct] scale, following the United States; and a white paper on national defense released by the French Government states that Japan will become one of the strongest military powers in the world in 10 years. These facts well show how viciously the Japanese reactionaries are running wild to realize their old dream of the greater East Asia co-prosperity sphere.

[Chong] Really they do. It is clear that the first target of Japan's overseas aggression is the northern half of our Republic, is not it?

[Yi] Yes it is.

[Chong] On the extension line of the Japanese reactionaries' attempt to invade us again by using the South Korean puppets as ushers [kilchabi], Japan and the South Korean puppets have recently agreed to strengthen their relations for military cooperation; and herein is the graveness of their military conspiracy [kunsajok moui].

[Yi] I agree with you. This shows the extremely sneaky nature of the two-faced Japanese reactionaries who are talking about the normalization of Japan-DPRK diplomatic ties, in front of us, while (?scheming) to harm us behind our back.

What cannot be overlooked is the unforgivable criminal act of the puppet Kim Yong-sam clique that is trying to harm fellow countrymen in open collusion with the Japanese reactionaries who aim at invading us again. Traitor Kim Yong-sam has begged Japan to put sanctions on us, his fellow countrymen, and further, is helping Japan open the road to reagression, even disregarding the comfort women issue involving the Japanese imperialists' unprecedented, inhumane, and criminal acts during the World War II. He is indeed a top-class flunky nation-seller whose behaviors are worse than the signing of the Ulsa Five-Point treaty.

The puppet Kim Yong-sam clique has been driven into a corner, being extremely isolated at home and abroad after the all-out ruin of its out-and-out anti-North and confrontation policies. It is now trying to [word indistinct] in a bid to isolate and crush us, invoking again the cooperative system, whose outsole has already been revealed. However, this is worthless attempt.

The Japanese imperialists and the puppet Kim Yong-sam clique should look straight at the trend of the times and should not act rashly. If the Japanese imperialists continue the aggression maneuver, despite the invariable demand of our people and the peace- loving people of the world, they will face a downfall that is far more disastrous than the one it faced in August 1945. They should be clearly aware that today's Koreans are not those who they were in the past, and today's Asian people are not those who they were under the Japanese imperialists' pressure in the past.

The flunky traitor Kim Yong-sam—who has been sentenced to death by the 70 million Korean compatriots in the North, the South, and overseas—should also not run wild [word indistinct] and should be clearly aware that he will not avoid an ultimate ruin.

Paper Demands 'Sincere Attitude' From Japan

SK2811045094 Pyongyang KCNA in English 0445 GMT 28 Nov 94

["Sincere Attitude Is Necessary"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—NODONG SINMUN today criticises the Japanese Government for trying to avoid atonement for the past crimes.

The Japanese Government declares it will set up a "fund" collecting money from civilians to pay "consolation money" to former "comfort women for the army" next year marking the 50th anniversary of the end of World War II and simultaneously pursue a 10-year "Program of Friendship and Exchange for Peace."

This policy is not motivated by a sincere position to resolve the problem of "comfort women for the army" but a crafty ruse to cheat public opinion with the offer of symbolic "consolation money" and gloss over the liquidation of the past, the news analyst says, and continues:

Moreover, the 10-year "Program of Friendship and Exchange for Peace" is a mockery of the former "comfort women" who are at the age of 70 to 80.

The liquidation of Japan's past is not an issue of which Japan can dispose at will. This issue must be resolved as demanded by the world public, the international law and the victims. Especially, any post-war settlement is out of the question, without including Korea which was subjected to the greatest disasters and sufferings by Japanese imperialism.

The Japanese Government must thoroughly investigate and open to the public the truth behind the criminal case concerning the "comfort women" and directly apologize to the victims and adequately compensate them. At the same time, it must punish those responsible for this crime.

It is nearly half a century since the end of the war, but the Japanese Government has not properly atoned for its past crimes. This shows its degenerate morality and its ambition to repeat the crime-woven past. Among the criminal states of World War II, it is only Japan that does not atone for the past crimes honestly.

Can it be said that Japan is qualified to be a permanent member of the U.N. Security Council?

The Japanese Government must sincerely atone for the past crimes at an early date.

Japan Urged To Compensate Army 'Comfort Women'

SK2611042694 Pyongyang KCNA in English 0414 GMT 26 NoV 94

["Why Japan Is Indifferent?"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—The International Lawyers Association recently in a final report on investigation into the truth about "comfort women for the army" strongly demanded "the Japanese Government take an urgent measure for appropriate compensation to the victims," according to a foreign news report.

This is an expression of the protest of the international community against Japan which is trying to bury into obscurity the wartime crimes, including the issue of "comfort women for the army," an anti-ethical criminal act unprecedented in history.

As unanimously demanded by fair public opinion, the Japanese Government should frankly admit the wartime crimes, apologize for them and pay due reparation.

But, the Japanese authorities are trying to avoid the governmental apology and reparations for the wartime crimes and soothe protests against Japan with something like "public fund".

The "public fund" advertised by the Japanese Government is nothing but an offspring of a crafty trick to gloss over the issue of the "comfort women for the army," an indelible crime for all ages, with some money.

Apology and reparations are a criterion clearly showing whether or not the Japanese authorities are ready to atone for the past crimes and break with the militarist past.

Despite strong protest of the international public circles, Japan is reluctant to atone for its past crimes. This is a manifestation of its sinister intention to repeat the past crimes.

Academy of Sciences Delegation Departs for PRC

SK2811104094 Pyongyang KCNA in English 1022 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—A delegation of the National Academy of Sciences of the Democratic People's Republic of Korea led by its President Kim Kil-yon left here today for a visit to China.

It was seen off at Pyongyang railway station by its Deputy President Kang Tong-kun and a councillor of the Chinese Embassy here.

North, Moscow Agree To Cooperation in Fisheries

SK2511230294 Pyongyang KCNA in English 2210 GMT 25 Nov 94

[FBIS Transcribed Text] Pyongyang, November 25 (KCNA)—The 8th meeting of the Korea-Russia Joint Committee on the Cooperation in Fisheries was held in Pyongyang. The agreement of the meeting was signed today. It was signed by Han Yong-un, vice-minister of fisheries, and Yu.I. Moskaltsov, director of the far Eastern Fisheries Department of the Fishery Committee of the Russian Federation.

Laotian President Meets With North Envoy

SK2811101894 Pyongyang KCNA in English 1003 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—The Laotian party and Government will make every possible effort to develop the traditional relations of friendship and cooperation with Korea, declared Nouhak Phoumsavan, president of the Lao People's Democratic Republic, when he met with the DPRK ambassador who paid a farewell call on him on November 23.

Although many changes have taken place in the international situation in the past, the friendly and cooperative relations between the two parties, two governments and two peoples of Laos and Korea have developed invariably, the Laotian president said, and pointed out:

The historic meeting and talks between President Kaysone Phomvihane and President Kim Il-song in Pyongyang marked a historical occasion in expanding and developing the traditional relations of friendship and cooperation between the two peoples.

Noting that to develop the friendly and cooperative relations between the two countries is of weighty significance in defending the gains of the revolution and the cause of socialism, he stressed:

Laos will invariably support the just struggle of the Korean people for socialist construction and national reunification no matter how the situation may change in the future.

Italian Delegation Arrives in Pyongyang 26 Nov

SK2711084994 Pyongyang KCNA in English 0808 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—A delegation of "C.I.S. Estero" group of Italy headed by its President Carlo Baeli arrived here on November 26.

Honors Memory of Kim Il-song

SK2811043994 Pyongyang KCNA in English 0435 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—A delegation of the C.I.S. Estero Group of Italy headed by its President Carlo Baeli [spelling of name as received] laid a wreath before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on November 26 and observed a moment's silence in his memory.

Carlo Baeli said that they had come to pray for the repose of soul of respected President Kim Il-song. His august name is brilliantly shining not only in the Korean history but also in the world history, he pointed out.

He stressed that his excellency dear Kim Chong-il, the successor to the cause of the president, is a great leader who is creating a worldwide sensation.

WPK Delegates Back From Cuba, Uruguay, Brazil

SK2711085094 Pyongyang KCNA in English 0808 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—A delegation of the Workers' Party of Korea [WPK] headed by Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, which had visited Cuba, came back home on November 26.

The delegation was met at the airport by Pak Kyong-son, vice- director of a department of the Central Committee of the WPK, and Jose Ramon Rodriguez Varona, Cuban ambassador to Korea.

The delegation also visited Uruguay and Brazil.

Sweden-Korea Friendship Group Publishes Magazine

SK2611105894 Pyongyang KCNA in English 1004 GMT 26 Nov 94

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—The magazine "KOREA INFORMATION" No.3 was published as a special issue by the Sweden-Korea Friendship Association.

The magazine printed a portrait of the great leader President Kim Il-song and carried his famous work "Answers to Questions Raised by a Delegation of Journalists of WASHINGTON TIMES From the United States" and his reminiscences "With the Century."

It edited a message of condolence sent by the Sweden-Korea Friendship Association to the dear leader Comrade Kim Chong-il on the death of President Kim Il-song, a message of assurances sent by the U.S. President to Comrade Kim Chong-il and the framework agreement between the DPRK and the United States.

The magazine in an article headlined "Deep Condolences on the Death of His Excellency Kim Il-song" said the exploits of His Excellency Kim Il-song as the leader of the nation and a great man are the most brilliant in Korea's history of fifty centuries and cannot be seen anywhere else in the world.

President Kim Il-song authored the chuche idea, made it the firm guiding idea of the Korean revolution and founded the Democratic People's Republic of Korea, a sovereign and independent state, on the Korean peninsula, the magazine wrote.

It said that under President Kim Il-song's wise guidance the Korean people became the proud masters of the people's government and are proud of having the strong party and government which give them well-being and defend the country and the people.

The Korean people are staunchly struggling, firmly united behind His Excellency Kim Chong-il, without the slightest vacillation in face of the anti-DPRK moves of the imperialists, it said.

Ugandan Advisor Gives Impressions of Visit

SK2811044394 Pyongyang KCNA in English 0439 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—I was moved by the validity of the lines and policies of the Workers' Party of Korea, said David Kaseera Kibirango, special advisor to the Ugandan president, in an interview with the KCNA upon the conclusion of his visit to Korea.

He said that the Korean people are invariably and dynamically advancing along the road of socialism they chose even after the death of the great leader Comrade Kim Il-song.

The Korean people continue to make wonderful achievements in the revolution and construction because they are guided by the dear leader Comrade Kim Chong-il, he said, and continued:

Comrade Kim Chong-il, always finding himself among the people, has wisely led the entire people to a drive to carry through the behests of Comrade Kim Il-song even after he bade his last farewell to the leader.

When the party is determined, we can do anything. We are sure to win as long as Comrade Kim Chong-il stands in the van of the revolution. This is the faith and will of the Korean people today.

Comrade Kim Chong-il has personified all the ideas, leadership and noble virtues of the great leader Comrade Kim Il-song.

The future of socialism is bright and its victory is certain as it is led by Comrade Kim Chong-il, an outstanding thinker and theoretician and the tender-hearted father of the people.

The Korean people under the intelligent guidance of Comrade Kim Chong-il will surely accomplish the reunification of the country.

Paper Marks Anniversary of Ties With Botswana

SK2711085394 Pyongyang KCNA in English 0812 GMT 27 Nov 94

["20th Anniversary of Establishment of Diplomatic Relations Between Korea and Botswana"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—MINJU CHOSON today dedicates a signed article to the 20th anniversary of the establishment of diplomatic relations between Korea and Botswana.

The two peoples have supported and cooperated with each other in the struggle to defend the sovereignty of their countries and build a prosperous new society against the domination and subordination of the imperialists, the article says, and continues.

The government and people of Botswana have made great achievements in consolidating the independence of the country and in building a new life.

The Government of Botswana is now pursuing non-aligned policy externally, while opposing imperialism, colonialism and racism and supporting the struggle of the oppressed people.

Believing that the friendly and cooperative relations between the two peoples will further develop in strength in the noble idea of independence, peace and friendship in the future, too, the Korean people wish the Botswana people success in their work for the prosperity of the country.

Kim Il-song's 'Famous Works' Reported Abroad

SK2811102094 Pyongyang KCNA in English 1011 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—The great leader President Kim Il-song's famous works "All Efforts To Attain the Six Goals", "Answers To Questions Raised by the Secretary-general of the Peru-Korea Institute of Culture and Friendship", "Talk To the Director of the Daho Express, the Official Newspaper of the Dahomeyan Government", "The Non-aligned Movement Is a Mighty Anti-imperialist Revolutionary Force of Our Times", "Answers To Questions Raised by Zairean Journalists" and "Talk To the Director of the Ecuadorian Publishing House Voluntad", are carried by the November-December issue of "People's Resistance", the organ of the New Resistance Movement of France.

The organ said in the preface under the title "Kim Il-song, April 15, 1912 - July 8, 1994":

His Excellency Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, was born on April 15, 1912 and suddenly passed away on July 8, 1994.

President Kim Il-song was born into a patriotic and revolutionary family generation after generation.

He, devoting his long life, led the struggle for the independence of the nation, founded the DPRK and led the Korean people to the struggle against U.S. imperialism.

President Kim Il-song had made tireless efforts for national reunification since the division of Korea.

"The Socialist Labour Law of the Democratic People's Republic of Korea" was carried by the Indian magazine "WORKING CLASS" and "FIVE TASKS OF THE PARTY CELL" by the magazine "DIPLOMATISCHER PRESSEDIENST" published in Vienna.

Kim Chong-il Receives Foreign Parties' Messages

SK2611042294 Pyongyang KCNA in English 0408 GMT 26 Nov 94

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—The dear leader of our party and people Comrade Kim Chong-il received messages of solidarity in connection with the publication of the DPRK-USA agreed framework from Youssef Amin Wali, general secretary of the Egyptian National Democratic Party; Walid Jumblatt, president of the Socialist Progressive Party of Lebanon; Ibrahima N'Diaye, secretary general of the Executive Committee of the African Party for the Solidarity and Justice of Mali; Eduardo Mora Valverde, coordinator of the Central Committee of the People's Party of Costa Rica; and Daniel Ortega Saavedra, secretary general of the Sandinist National Liberation Front of Nicaragua.

The messages extended warm congratulations to Comrade Kim Chong- il on the publication of the DPRK-USA agreed framework.

The messages said:

The publication of the DPRK-USA agreed framework is the result of the independent policy and strenuous efforts of the peace-loving Workers' Party of Korea. The DPRK honourably defended the dignity and sovereignty of the Korean people by resolving this issue skillfully.

This great victory, which Comrade Kim Chong-il won by wisely leading the Korean people, will shine forever as the banner of the struggle of all the fighters of the world against domination and subordination.

Mozambican Minister Gives Gift for Kim Chong-il

SK2711082094 Pyongyang KCNA in English 0802 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—The great leader of our party and people Comrade Kim Chong-il received a gift from Manuel Jorge Antonio, minister of the interior of Mozambique.

The gift was handed to the Korean ambassador to Mozambique by the minister of the interior on November 22.

The minister said that the great President Comrade Kim Il-song was the great man of the world whom he respects most and that he made a present of flower seeds to be sown around the statues of the president to dear Comrade Kim Chong-il with the desire to hold the president in high esteem forever on the platform of fragrant flowers.

He noted that the great President Comrade Kim Il-song would be immortal in the hearts of humankind and expressed the belief that under the tested guidance of the great leader Comrade Kim Chong-il the Korean people would certainly win the final victory in the reunification of the country and the socialist construction.

Foreign Papers Carry Kim Chong-il's Work

SK2611042594 Pyongyang KCNA in English 0410 GMT 26 NoV 94

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—The dear leader Comrade Kim Chong-il's famous work "Socialism Is a Science" was carried by foreign newspapers.

The Malian paper LA GRAPH, the Jordanian paper AL CHAAB and the Indian paper SAMACHAR POST printed portraits of Comrade Kim Chong-il and carried the work.

The work was also carried by the Romanian paper DIMINEACI, the Kazakh paper ZELOVAYA, the Nigerian paper NEW NIGERIAN and the Ghanaian paper WEEKLY SPECTATOR.

Kim Chong-il's Treatise Disseminated Abroad

SK2811050794 Pyongyang KCNA in English 0503 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—"Socialism Is a Science," a famous work of the dear leader Comrade Kim Chong-il, has been disseminated and studied in various countries.

A seminar on the work was held by the Peruvian National Association for the Study of the Chuche Idea.

Jorge Raso Arrasco [spelling of name as received], secretary general of the Latin American Institute of the Chuche Idea and chairman of the Peruvian National Association for the Study of the Chuche Idea, said in his speech:

The treatise of his excellency Kim Chong-il serves as a powerful weapon which gives a new conviction and courage of socialism to the world people who are struggling for independence because it is based on a comprehensive and overall analysis of the present historical circumstance in which a fierce class struggle for socialism or capitalism has been waged.

And the treatise is a textbook of the life and struggle of the world revolutionary people aspiring after socialism for its scientific analysis of the inevitability of the downfall of capitalism and the historical necessity of the victory of socialism and for its elucidation of what Korean-style socialism, anthropocentric socialism, is based on and what is the fundamental factor of defining the advantages and invincibility of Korean-style socialism.

A seminar was also held by the Group for the Study of the Chuche Idea of Teachers of the Chambogo Polytechnical College of Uganda.

The speakers stressed that the work is not only an immortal encyclopedia which powerfully proves on the basis of the chuche idea, the validity, advantages and invincibility of the cause of socialism but also a textbook of revolution which hundreds of millions of people in the world longing for socialism should take as a guideline.

The work clearly indicated the road of the cause of the humankind in our era for independence by further perfecting the socialist theory on the basis of the chuche idea, they said.

The work was also disseminated and studied at the West African Examinations Council Branch of the Ghanaian National Institute of the Chuche Idea, the Group for the Study of the Chuche Idea of the Marien Ngouabi University of the Congo, the Nicaraguan Group for the Study of Kimchongilism and the Zairean Youth Group for the Study of the Chuche Idea.

Kim Chong-il Sends Thanks to Different Units

SK2611042794 Pyongyang KCNA in English 0416 GMT 26 Nov 94

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—Comrade Kim Chong-il, the great leader of our party and people and supreme commander of the Korean People's Army, extended thanks to Kyongsong and Yonsa Counties of North Hamgyong Province, the Pyongyang Municipal People's Hospital No.3 and other units, U Myong- hui, a saleswoman of the Taesong General Direct Sales Shop, Ho Yong- ho of the trade bank and his wife Yi Wol-kye and other working people for setting examples in displaying the traditional traits of the Army-people unity.

The beautiful traits of the Army-people unity are in full play in all parts of the Democratic People's Republic of Korea as a social ethos.

Kim Chong-il's 'Socialism Is a Science' Cited

SK2611110094 Pyongyang KCNA in English 1024 GMT 26 Nov 94

["Profound Scientific Exposition of Necessity of Victory of Socialism and Way of its Realisation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—The dear leader Comrade Kim Chong-il in his famous work "Socialism is a Science" gave a scientifically and theoretically flawless exposition of the historic necessity of socialism and way of its realisation, thus providing a powerful ideological and theoretical weapon to triumphantly advance the socialist cause of our era under any conditions, says NODONG SINMUN in a signed article today.

The article quotes Comrade Kim Chong-il as saying:

"Socialism is the ideal and the revolutionary banner of the popular masses who are fighting for independence. The masses achieve their independence by means of socialism and communism."

The article goes on:

The dear leader in his work made clear the historic necessity of socialism in a unique way proceeding from the intrinsic demand of man, the motive force of the social movement. Basing himself on the profound exposition of the essential character of the social movement as the movement of the motive force, he propounded from a new angle the necessity of the victory of socialism, proceeding from collectivism, the intrinsic demand of a man.

On the basis of profoundly proving that man's intrinsic need to live and develop independently can be realized only in the society based on collectivism, he scientifically and theoretically expounded in his work that the transition from capitalism based on individualism to socialism based on collectivism is the inevitability of historical development.

His original and flawless exposition of the historic necessity of socialism centering on the people for the first time in history is a great contribution to bringing a fundamental turn in a scientific understanding of socialism. He clearly indicated that the transition from capitalism to socialism is not a mere result of the development of productive forces but an inevitable course of the socio-historical development to meet man's intrinsic demand and it is a mature demand of the present era, the era of independence, and thus, clearly proving that the advance of history toward socialism is the basic trend of our era which cannot be blocked with anything. Therefore, the unreasonableness of the sophism of the imperialists and the renegades of socialism who are crying out for the "end of socialism", claiming that the ideal of socialism itself is wrong, has been brought to full light.

The dear leader also flawlessly expounded the revolutionary forces and revolutionary fighting method to realise socialism on the basis of the role of the popular masses, the driving force of the revolution. Through a general analysis of the influence of the development of the productive forces, which the preceding theory took as the starting point of the social movement, on the class relations and the revolutionary struggle in the capitalist society, he indicated the most correct way of totally overcoming the limitation of the preceding socialist doctrine and leading the revolution of our era to victory.

The dear leader gave a scientific exposition of the way of strengthening the driving force of the revolution, enhancing its role and accelerating the victory of socialism on the basis of the profound analysis of the historical lesson of our revolution and the international communist movement. The idea that strengthening the driving force of the revolution and enhancing its role is the basic way of the victory of the socialist revolution has been expounded. This clearly indicates the way of waging a more powerful struggle for socialism by firmly building the revolutionary forces under any conditions.

Thanks to the ideological and theoretical exploits of the dear leader Comrade Kim Chong-il who lucidly propounded the inevitability of the victory of socialism and the way for its realisation, socialism has been placed on a flawless, scientific basis for the first time in more than a hundred years since it was started, and the cause of socialism (?now has the guideline) to powerfully advance toward a great victory, free from its temporary failure and setback.

The dear leader's flawless systematisation of socialism as a science is the most brilliant event of the 20th century and a great feat everlasting with [words indistinct] development of our era on the orbit for the victory of socialism.

Paper Praises Kim Chong-il's Theory on Science

SK2811050294 Pyongyang KCNA in English 0457 GMT 28 Nov 94

["Standard Defining Scientific Accuracy of Idea and Theory"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—NODONG SINMUN November 27 says in a by-lined article that the elucidation of the standard for the scientific accuracy and validity of the ideas and theories, lines and policies by the dear leader Comrade Kim Chong-il in his historical work "Socialism Is a Science" is one more immortal contribution to the development of human thought.

The paper quotes the dear leader Comrade Kim Chong-il as saying:

"The view of and attitude to man constitute the standard for the scientific character and validity of ideas and theories, and of lines and policies."

The paper says:

The view of and attitude to man are the standard for the scientific accuracy of ideas and theories, above all, because they are a basic factor of determining whether they correctly reflect the aspirations and demands of people for independence or not.

The chuche idea makes clear that man is a social being with independence, creativity and consciousness and it is an intrinsic demand of man to live and develop independently. On the basis of such viewpoint on man, the principle of chuche that man is responsible for his own destiny and capable of shaping his own destiny was applied to the socialist idea. This assumed scientific accuracy and truth because it most correctly reflects the aspirations and demand of man for independence.

The view of and attitude to man are the standard for defining the scientific accuracy of thought, next because they are the starting- point indicating the correct way of remaking and transforming the society.

The chuche idea elucidates that man is the master of the world, the remaker of the world who shapes his destiny by his own efforts.

Based on the chuche-orientated view of and attitude to man which regard man as the most precious and powerful being, a scientific idea was established that to increase the independent ideological consciousness and creative ability of man and constantly enhance his role is only way of successfully building socialism centred on people.

A working-class party which struggles for the building of socialism must not take lines and policies against the demand of the popular masses for independence and their interests under any circumstances but endeavour to build socialism always in reliance upon their strength.

Our party has been able to build the most advantageous socialist system and steadily exalt it even under the complicated and difficult conditions because it mixed with the popular masses, worked out lines and policies reflecting their demands for independence and carried them through in reliance upon their strength.

Upholding Kim Chong-il 'Noblest' Obligation Urged

SK2811103994 Pyongyang KCNA in English 1020 GMT 28 Nov 94

["To Uphold the Leader With Loyalty is Noble Moral Virtue of Our People"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—It is the noblest revolutionary obligation, lofty moral trait of our people to look up to the great leader Comrade Kim Il-song as the eternal sun and uphold the dear leader Comrade Kim Chong-il with loyalty and filial piety in one mind, says NODONG SINMUN in a signed article today.

The article quotes Comrade Kim Chong-il as saying:

"We should infinitely exalt the great idea, cause and immortal feats of the leader with the noble outlook on morals. The noble moral trait of the communists is concentrically expressed in upholding the leader with loyalty."

The article goes on:

Our people have made it a noble moral virtue to uphold their leader with loyalty, first of all, because the respected leader Comrade Kim Il-song and our people have formed the inseparable bonds of kinship, the solid socio- political organism in our society.

The Korean communists and people have grown under his loving care and struggled and won with his idea and will as the only lifeline down through generations.

That is why our people consider it to be a duty, the noblest moral obligation to uphold with loyalty Comrade Kim Il-song who reared and led them, regarding his bosom as one of the father.

Our people have made it the noblest moral virtue to remain unfailingly loyal to their leader also because the respected leader is precisely the destiny of our revolution and the chuche idea founded by him is the banner of victory.

The road of the Korean revolution was, indeed, arduous and rigorous. In these ordeals deciding the destiny of the revolution, the august name of the fatherly leader was cherished in the hearts of our people as a sturdy pillar at all times and his revolutionary idea indicated the road of victory and gave tireless fighting will and strength.

Our people have made it noble moral virtue to uphold their leader with loyalty also because his revolutionary idea is the ideological and mental pabulum, the only lifeline which makes our people shine political integrity and lead a worthy life.

The lofty mental and moral traits of our people who are upholding the respected leader Comrade Kim Il-song with noble revolutionary obligation have been brought into fuller play in the practical struggle of our revolution. It has been fully manifested in the fact that our people ardently revere and follow the fatherly leader, bearing deep in mind the slogan of faith that he will always be with us, strive to more firmly arm themselves with his revolutionary idea, regarding it as the eternal guiding idea of our party, and unconditionally carry through his intention in his lifetime and his behests, demonstrating a high degree of the revolutionary spirit and militancy.

Noting that for our people the respected leader Comrade Kim Il- song is immediately the dear leader Comrade Kim Chong-il, the article stresses:

Our people are entrusting all their destiny entirely to the dear leader Comrade Kim Chong-il and vigorously advancing, sharing their joy and sorrow with him.

The source of the invincibility of our party and the cause of Korean-style socialism lies in that the noblest communist outlook on morals has been established in the whole of society and the entire people have the noble mental and moral trait of holding the great leader in high esteem.

* Kim Kyong-hui's Becoming Vice Premier Predicted

[Editorial Report] An article on pages 336-345 of the October WOLGAN CHUNGANG in Korean stated that there is a "strong possibility" that Kim Kyong-hui, Kim Chong-il's only sister, will become vice premier and be in charge of North Korea's economy. The article pointed out that Kim Kyong-hui was "hardly known" to outsiders before her father's death, although as director of the Light Industry Department of the KWP (Korean Workers Party) Central Committee, in early 1990 she was involved in establishing the Korea United Development Bank, an international joint venture bank to solicit foreign investment for North Korea. According to the article, she held a "powerful role" even before Kim Il-song's death, as evidenced by the fact that the bank was put under the jurisdiction of her department. The article reported that Kim studied economics in college and spent many years in the International Department of the KWP Central Committee under Kim Yong-sun, the current chairman of the Reunification Policy Committee, and Pak Nam-ki, the current chairman of the Economic Committee of Pyongyang.

The WOLGAN CHUNGANG article maintained that it is a "fact" that Kim Kyong-hui will be an "important leader." However, the degree of her visibility is still to be determined, the article said, since she is the wife of Chang Song-taek, who is slated to become the "number-two man" under Kim Chong-il, and she reportedly will not do anything to undermine her husband's position.

Monument to Party Foundation Under Construction

SK2811101994 Pyongyang KCNA in English 1006 GMT 28 Nov 94

[FBIS Transcribed Text] Pyongyang, November 28 (KCNA)—The monument to the foundation of the Workers' Party of Korea is being built at a fast speed in Munsu Street of Pyongyang to mark the 50th foundation anniversary of the party.

The concrete tamping for three main towers and foundation walls was completed in 50 odd days after the beginning of the project.

The monument with a building lot of 250,000 square metres consists of a round platform 70 metres in diameter and granite towers portraying a worker, a peasant and an intellectual upholding a hammer, a sickle and a writing- brush, each 50 metres high, on a ring-shape cylindric structure 50 metres in diameter, which is symbolic of the singlehearted unity of the leader, the party and the masses.

In one week after the ground-breaking the builders carried out the excavation of nearly 20,000 cubic metres of earth and finished concrete tamping for foundation by increasing the construction speed two or three times every day, with a firm faith that "when the party is determined, we can do anything".

They are now speeding up the construction with a goal to finish all the frame project this year.

Prominent Composer Visits King Tangun Tomb

SK2711082194 Pyongyang KCNA in English 0804 GMT 27 Nov 94

[FBIS Transcribed Text] Pyongyang, November 27 (KCNA)—Mr. Yun I-sang, chairman of the overseas headquarters of the National Alliance for the Country's Reunification and prominent composer, and his entourage visited the tomb of King Tangun, the father of the Korean nation, in Kangdong County on the outskirts of Pyongyang.

Mr. Yun I-sang said that the Korean people could find the father of the nation and could be proud of the dignified nation because they have held the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il in high esteem as the sun of the nation.

He pointed out that he would contribute even a little to adding lustre to the history of the homeland, upholding the guidance of the dear leader with loyalty.

Preventive Medicine Facility Fulfills Yearly Plan

SK2711022094 Pyongyang KCNA in English 1030 GMT 26 Nov 94

[FBIS Transcribed Text] Pyongyang, November 26 (KCNA)—The Aeguk Preventive Medicine Production Factory situated in Tongil Street of Pyongyang carried out its yearly plan of the national economy two months ahead of schedule.

The preventive made from expensive raw materials has inoculated children across the country free of charge.

[Words indistinct] operation this year as a powerful preventive medicine production base of the country built by the loving care of the dear leader Comrade Kim Chong-il for the people's happiness of longevity in good health and the patriotic loyalty of Korean women in Japan.

The factory with a total floor space of thousands of square meres is studying and turning out preventive medicine and diagnostic liquid by means of gene and cell engineering.

The production processes of preventive medicine and diagnostic liquid for diseases are standing side by side with laboratories in favour of combining scientific research with production.

On the first floor of the factory there are distillatory apparatus, a disinfecting station for production and study, a storehouse of preventive medicine raw material, an electron microscope room and other modern medical study and production equipment.

On the second floor there is a gene engineering study room which produces antigen, nucleus of preventive medicine, by a gene engineering method. It has been equipped with carbonic acid gas apparatus and mud nursery for cultivating animal cell and colon bacilli, an ultraviolet ray camera and other computerized research facilities.

On the third floor there are cell engineering study rooms and a diagnostic liquid workteam with modern equipment and facilities.

The plan for the production of diagnostic liquid has been already overfulfilled and it meets national demand.

Indeed, great are the benefits of the party and the state for the promotion of people's health.

The preventive medicine, which is produced by a large sum of state funds, is now paying off in the diagnosis and prevention of diseases.

South Korea

DPRK, IAEA Fail To Reach Full Agreement

SK2611005994 Seoul YONHAP in English 0054 GMT 26 Nov 94

[FBIS Transcribed Text] Berlin, Nov. 26 (YONHAP)—Negotiators from North Korea and the International Atomic Energy Agency (IAEA) will continue talks next week on verifying a freeze of the North's nuclear program, an IAEA spokesman said Friday [25 November].

Hans Meyer said IAEA experts currently visiting Pyongyang will continue "constructive" negotiations next week to ensure that North Korea freezes all activities at its nuclear plants.

But the experts have yet to inspect the Communist nation's nuclear facilities, he said, because a complete agreement is needed before they can begin.

The IAEA and North Korean negotiators are reportedly meeting in Pyongyang and Yongbyon to discuss methods of halting activity at the North's graphite nuclear plants in accordance with an agreement signed by Pyongyang and Washington in Geneva last month.

The four-member IAEA team arrived in Pyongyang last Tuesday and started negotiations the next day.

If the negotiators reached agreement with Pyongyang, they would start monitoring and inspection activities including confirming that nuclear facilities are sealed, replacing monitoring equipment and verifying that graphite-moderated nuclear reactor construction has ceased.

PRC Seismological Facility on DPRK Border

SK2711051694 Seoul CHOSON ILBO in Korean 27 Nov 94 p 2

[By correspondent Pak Sung-chun from Beijing]

[FBIS Translated Text] It was learned on 26 November that the PRC established a highly efficient seismological observatory on the border with North Korea in its effort to denuclearize the Korean peninsula and ultimately halt North Korea's nuclear weapons development.

According to Beijing sources well informed on PRC and North Korean affairs, the PRC—with assistance from the United States, Japan, Germany, and Canada—established near the PRC-North Korea border a seismological observatory equipped with a highly efficient seismograph that could detect underground nuclear tests. Experts from the four supporting countries reportedly went to the PRC to offer technical advice.

The seismological observatory was completed in October. In July, while the observatory was still under construction, North Korea lodged a strong protest by arresting an official from the PRC's State Seismological Bureau when the official visited North Korea, charging him with espionage, according to the source.

Ignoring North Korea's protest, the PRC completed the observatory in October. To indirectly inform Pyongyang about the completion of the seismological observatory, the state-run XINHUA news agency reported through its English-language service on 4 November that "a faint earth tremor was detected on Mt. Changbai (Mt. Paektu) near the PRC-DPRK border."

Russian Commentator Views DPRK-U.S. Accord

SK2811054794 Seoul TONG-A ILBO in Korean 28 Nov 94 p 5

[Article by (Otto Rasis), 60, political commentator for IZVESTIYA: "The Lesson That the North Korea-U.S. Agreement Has Provided Russia"]

[FBIS Translated Text] While a series of unexpected incidents recently took place in Russia, a news report that deserved the attention of the Russian people and the government was reported throughout the country. It concerned the agreement reached between the United States and North Korea.

Russia has failed to raise questions concerning the stark fact that the United States is trying to drive Russia out of a market where the former Soviet Union and now Russia itself enjoys boundless supremacy, and where Russia believed it would be absolutely impossible for the United States to make any inroads.

"The Inner Thought of the United States Is Hidden in Its Making Concessions to North Korea Regarding Inspections of North Korea's Nuclear Activities"

When he visited Moscow some time ago, Robert Gallucci, U.S. assistant secretary of state, asked senior officials of the Russian Ministry of Atomic Energy: "Can Russia supply North Korea with a new atomic reactor which is safer and which cannot manufacture military explosives?" The answer was: "Yes, we can." I have heard this from Nikolay Yermakov, director of the ministry's Atomic Reactor Bureau.

Then, some time later, an agreement was released to the effect that "the United States would exercise its good offices in obtaining new atomic reactors for North Korea." Russia is losing one of its major international markets where it can compete in selling machinery.

More peculiar is one of the questions discussed in the agreement. The United States has promised not to call for international inspections of North Korea's nuclear waste storage facilities until the equipment for the new atomic reactors is introduced—in other words, for five or six years.

This is a major concession that defies belief in view of the fact that the United States had maintained a vociferous and very offensive stance in the past. If the Americans continue to harbor suspicions about North Korea, suspcions which they harbored until recently, they would never have made such concessions.

If (I would like to emphasize the word "if") North Korea continues to manufacture nuclear weapons, if North Korea has manufactured weapons-grade plutonium, if North Korea possesses the technology to handle radiochemicals in order to reprocess the nuclear waste, and if North Korea has built such a facility, then the fact that there will be no relevant inspections for five to six years is tantamount to allowing North Korea to not only cover up all traces that it has conducted such work, but to continue to turn its atomic energy to military purposes.

According to experts, if North Korea should possess the same equipment and technology as Russia, then it could be technologically possible for the country to do this. We do not know if North Korea possesses such equipment and technology. The Americans are the ones who want to know in earnest whether North Korea has such a capability; Pyongyang firmly stood by its opinion that no one could investigate such a fact.

By the way, what reason do the Americans have for allowing their firm stance to disappear?

There is only one reason for this. Americans give priority to their mindset for commercial profit over any ideological reasons which they would like to discuss. This is the most important lesson for Russia. The equipment for North Korea's atomic reactors is not the only thing in question. Another point in question is the strategy and tactics of Russia and the United States since both have become issues in various "hot spots" where the interests of the United States and Russia—such as Iraq, Yugoslavia, and the Caribbean conflict.

In addition to the "hot spots," Russia once suffered a similar question when it tried to sell rocket parts to India. In spite of the fact that it had been proved such parts cannot be diverted to military purposes, the United States left no stone unturned in trying to have this contract canceled, even though it was beneficial to Russia.

The main point in the lesson that Russia has learned is that no ideological point of view can come before national interests. At least the United States carries things out in this manner, whereas Russia is learning.

Relations between North Korea and the Soviet Union, and later Russia, have always remained as an archetype in terms of ideological policy. In the 1970's during Brezhnev's rule, when private discussions were conducted at party headquarters, no one concealed the fact that friendly relations with Kim Il-song were damaging the Soviet Union, "a bastion of socialism." This notwithstanding, they could not abandon their support for North Korea, "a warrior standing against the U.S. imperialists." Even during the reform initiated by Yeltsin, Russians did not forsake their ideological policy, instead establishing a new ideological principle—that is, they feel it necessary to make peace [yunghwa] with all dictatorial regimes, including North Korea.

"It Is Necessary To Strengthen Diplomacy for Russia's Own National Interests"

Therefore, without taking into consideration Russia's own national interests on the Korean peninsula, we lent our support to the United States in issuing "an ultimatum" to North Korea. Long before it reached the latest agreement with the United States, North Korea concluded an agreement with Moscow on constructing an atomic reactor. When North Korea refused to comply with the Nuclear Nonproliferation Treaty, President Yeltsin himself ordered the agreement with North Korea be frozen. Russia fulfilled its international duty without taking into consideration its commercial loss. On the contrary, the United States lost no time in showing their country is not stern with itself when handling such questions. The United States has not felt at all burdened in carrying out its own plan, even though it is driving Russia out of Russia's own traditional market. Serving as the head of a consortium, the United States has the ROK and Japan bearing the large burdens of cost.

Apart from this, there has long been criticism that the foreign policy of President Yeltsin and Foreign Minister Kozyrev is not patriotic, and has been subordinated to the interests of the West. Under such circumstances, it is not difficult to guess how the Russian Federal Assembly will respond to this issue. The opposition parties have obtained sure-fire evidence which will be necessary for conducting their propaganda.

All democratic nations should exert their best efforts to facilitate the victory of democracy in the world. However, no nation can afford a reckless policy which ignores national interests.

Agency Reports North Korean Defects to South

SK2811102894 Seoul YONHAP in English 1024 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—A North Korean man arrived at Kimpo Airport Monday by way of a third country to seek asylum in the South, the Agency for National Security Planning (NSP) said.

The defector was identified as Kim Chang-hwan, age 31, formerly an electrician at the Hungnam fertilizer plant in Hamhung, South Hamgyong Province.

The agency said initial questioning showed Kim defected to the South for fear that upon Kim Chong-il's rise to full power, North Korea would persecute the families of those hailing from the South. He said his father, who died last year, was a South Korean who defected to the North in 1956 when he was a sophomore at the Engineering College of Seoul National University.

The defector has left behind in the North his wife and two children. He also has four brothers in the North, according to the agency, which was investigating the cause of his defection.

DPRK Seeks Compensation for Poor Harvest

SK2611115194 Seoul CHUNGANG ILBO in Korean 26 Nov 94 p 2

[Report by Kim Song-chin]

[FBIS Translated Text] After getting insurance from Lloyd's in 1990 against "a poor harvest" as a means of coping with a serious food shortage, North Korea has claimed every year in compensation amounting to $10 million. However, it was learned on 26 November that this year, North Korea claimed 21 times more that amount, $210 million.

A source well informed in North Korean affairs said that "since its agricultural productivity had been drastically reduced, North Korea signed an insurance policy with Lloyd's in 1990 with a view to supplement its productivity. For the last three years, North Korea has submitted claims amounting to $10 million each year, and received $5 million in compensation."

The source added that this year, however, North Korea claimed $210 million, a drastic increase from the amount claimed in past years, thus giving us the impression that it is suffering from a serious food shortage. The source also revealed that "Lloyd's wanted to dispatch experts to North Korea to verify the actual situation following the drastic increase in North Korea's claim. However, Pyongyang refused Lloyd's request. Instead, agricultural experts from England and Australia visited North Korea recently and assessed its real harvest situation."

Meanwhile, another source observed that the drastic increase in the amount of North Korea's claim proves that North Korea's foodstuffs problem is very serious, and pointed out that North Korea gave priority to allocating its available foreign currency to the purchase of foodstuffs.

It is the prevailing opinion of specialists that the worsening of North Korea's foodstuffs situation was prompted by unfavorable natural conditions and by the inefficiency of the cooperative farm system. Although arable acreage in North Korea is 2 million hectares, its grain cultivation area is only 1.6 million hectares (40,000 hectares are used for orchards and mulberry fields), and to make matters worse, agriculture-related industries, such as fertilizer and agricultural chemicals industries, are not properly performing their function due to a shortage of foreign currency and oil, thus causing a vicious circle. The foodstuffs shortage in North Korea has amounted to 2 million tons each year since 1986. This being the situation, North Korea made every effort to preserve the required amount through the reduction in grain distribution and increase in imports.

In addition, North Korea gave priority to allocating available foreign currency to the import of grain. Last year, North Korea imported 1.090 million tons of grain.

Another reason for North Korea's foodstuffs shortage developing into a serious crisis since 1993 is the damage caused by blight and harmful insects due to a shortage of fertilizers and agricultural chemicals, in addition to North Korea's structural problems. Experts in North Korean affairs point out that now is the time when we should seek measures for agricultural exchange and support agricultural products through economic cooperation between North and South Korea based on the position of a national commonwealth.

Kim Chong-il's Succession Proceeding 'Smoothly'

SK2811104494 Seoul YONHAP in English 1028 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 (YONHAP)—A Japanese Government institute finds that Kim Chong-il's succession to power is going on smoothly and he may assume the state presidency and the duty of party general secretary early next year. The newspaper YOMIURI SHIMBUN here reported Monday this and other analyses of North Korea were contained in a report prepared recently by the Defense Institute of Japan's Defense Agency.

The report said Kim Chong-il seems rising to power without problems as there is no sign of military opposition, many press commentaries treat Kim Chong-il at the same footing as Kim Il-song, and Kim Chong-il's external activities are quite brisk.

As for the reason for delay in Kim Chong-il's rise to full power, the report said it was because North Korea tries to assign a charisma to Kim Chong-il by maximizing his grief over his father's death. It suggested that a delay in his succession to power paradoxically points to political stability in North Korea, saying that "if there were any factors of instability, Kim Chong-il must have advanced the time of his rise to full power and removed such factors with his strengthened authority."

As to the future of North Korea, the report said that although the North is not without elements of instability such as the uncertainty of Kim Chong-il's economic ability and the senility of many high-ranking officials, North Korea may be able to retain the existing system for about ten years thanks to massive Chinese support.

DPRK Cancels Doctors' Trip to Paris Over Rumors

SK2811075294 Seoul YONHAP in English 0746 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—North Korea has cancelled earlier plans to dispatch two doctors to Paris because of various rumors about the health of de facto leader Kim Chong-il, a senior government official said Monday. The official, who is well versed in the North's internal affairs, said the doctors had already been issued entry visas by France but their trip was later scotched because of the widespread rumors. He said, however, that Kim's health appears normal and his present condition does not impede his conduct of state affairs.

As to talk in the West that North Korean doctors might visit the United States in connection with Kim's health, he said that rumor has yet to be confirmed. Turning to the growing sentiment in the North for Kim to assume the top Communist Party post and the state presidency, the official said he is clearly in no hurry to do so. Kim currently holds power in the party, military and government without facing any challenges, he explained.

Russian Paper Reports Embalming of Kim Il-song

SK2611011394 Seoul YONHAP in English 0108 GMT 26 Nov 94

[FBIS Transcribed Text] Moscow, Nov. 25 (YONHAP)—The body of North Korean President Kim Il-song is being embalmed by three experts from the Moscow Somatological Structure Institute, and the work will take at least eight months to complete, the Russian weekly "ARGUMENT AND FACT" [ARGUMENTY I FAKTY] reported Friday [25 November] in its latest issue.

In an article titled "Road to Eternity," the weekly said that three institute experts working under tight secrecy started embalming Kim Il-song's corpse in August.

The initial cost of the project, which requires considerable skill and a great deal of time, has been set at 500,000 U.S. dollars. An additional 5 million dollars would be needed to preserve the body for a long time, according to the report.

It was not out of affection for a former socialist ally, but because of the high degree of expertise held by Russian experts that North Korea invited the three-man team to carry out the project, the weekly said.

Russian technicians alone possess thorough mummification techniques, and what is known about the process is merely that some solution is added after all fluids are extracted from the body, the article said. Russia, which boasts very high standards in the preservation of corpses, is famous for making the dead appear alive.

Only six men have so far been preserved using Russian techniques including Lenin, Stalin and Ho Chi Minh.

KFTA Studying Establishment of Office in DPRK

SK2611004294 Seoul YONHAP in English 0023 GMT 26 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 26 (YONHAP)—The Korea Foreign Trade Association (KFTA) is looking into establishing a branch office in North Korea under the government's plan to allow economic organizations to set up offices there, KFTA President Ku Pyong-hoe said Friday [25 November].

Ku told journalists that the KFTA will consult the government before deciding on opening an office, adding that KFTA is in a different position than businesses on the matter.

"We will work in concert with other economic organizations in setting up branch offices in the North. Our economic cooperation with North Korea will neither go ahead of the government policy nor fall behind it," he said.

Companies' Pursuit of Trade With North Detailed

SK2511035594 Seoul YONHAP in English 0138 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—South Korea's large enterprises are moving to form business links with North Korea after the government announced detailed guidelines for inter-Korean economic cooperation earlier this month, business sources said Friday.

Samsung Group officials said about 20 senior managers have requested government approval for visits to the North. They include Samsung Electronics Co. Chairman Kang Chin-ku and Samsung Co. President Sin Se-kil.

They have already finished their preparations and are ready to travel to the North as soon as the government gives the go-ahead.

The Samsung executives plan to study conditions for investment in the North and discuss opening branch offices there.

Samsung hopes to invest directly in the electronics business and increase processing-on-commission trade in clothes with the North. Samsung also wants to build plants near Pyongyang city rather than the Najin-Sonbong free economic and trade zone.

Hyundai, which received an invitation from Yi Song-nok, chairman of the Koryo People's Industrial Development Council, in Beijing last month, has asked the government to approve visits to the North by about 15 business chiefs including Honorary Chairman Chong Chu-yong, Hyundai Corp. Chairman Yi Chun-nim and Hyundai Engineering and Construction Co. Chairman Pak Chae-myon.

If the government allows Honorary Chairman Chong to visit the North, Hyundai will push for the development of Mt. Kumgang and the shipbuilding business, two areas on which Chong agreed with North Korean authorities on a past visit.

Daewoo has sent an application seeking approval from the National Unification Board (NUB) for an industrial complex, pinpointed as a model business between South and North Korea.

After obtaining government approval, Daewoo plans to sell equipment and materials to the North and send more than 20 engineers and education personnel, who will teach North Korean workers about related know-how, to the southwestern port of Nampo.

Daewoo wants to employ some 1,200 North Korean workers at three plants inside the Nampo Industrial Complex, which still must be established, to produce blouses, jackets and shirts for an annual 30 to 40 million U.S. dollars in exports.

Lucky-Goldstar group will also send about 10 working-level officials to the North to study business cooperation.

Japan Refuses North Request for Coalition Visit

SK2511080594 Seoul YONHAP in English 0718 GMT 25 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 25 (YONHAP)—Japan has rejected a North Korean invitation to send a delegation headed by policy experts from the three-party ruling coalition on Saturday, citing inopportune timing, the secretary-general of the Liberal Democratic Party (LDP) said Friday.

Speaking at a press conference, Yoshiro Mori revealed that the LDP received the request from the North last Monday but said he had notified it of the parties' decision not to send a delegation.

Mori said a three-party meeting decided not to send the delegation because the Japanese parliament faces a critical moment with its extra session entering the final phase and because Japan regretted the North's unilateral decision to designate the delegates as chairmen of the three parties' policy affairs research councils.

However, he said the Japanese view the offer in a favorable light, adding it might be possible for the delegation to visit Pyongyang around Dec. 3, about one week later than the time requested by the North.

DPRK Works To Establish Relations With Europe

SK2711063494 Seoul CHOSON ILBO in Korean 27 Nov 94 p 2

[By reporter Cho Yong-taek from Brussels]

[FBIS Translated Text] North Korea is taking the offensive in establishing diplomatic relations with European countries.

With the settlement of the Geneva talks, in which the United States and North Korea agreed to establish diplomatic relations, North Korea is working full-scale to expand its diplomatic offices in order to break its international isolation.

It was learned that North Korea has succeeded in permanently stationing a delegation with an international organization in Spain; is continuing contacts with the Netherlands and Belgium; and, according to a diplomatic source, will hold contacts with Germany, which played a leading role in uniting Europe, after closely observing the developments being made regarding this matter.

It was also learned that two officials from the North Korean mission in Paris, including Councilor Kim Sun-yong, met with officials of the Netherlands Foreign Ministry on 25 November, conveying their willingness to establish diplomatic relations; the Netherlands revealed its position of discussing this matter later on after having examined the North Korean proposal.

Furthermore, North Korean diplomats visited Brussels for three days beginning 22 November, and held contacts with the director in charge of Asian affairs in the Belgium Foreign Ministry as well as officials from the European Union [EU]. As regards the request by North Korean diplomats to establish diplomatic relations, the Belgium Foreign Ministry put forth the issue of the uncertain international situation, saying: "For the time being, let's leave this issue as it is." If it is difficult to officially establish diplomatic relations, North Korea requested it at least be allowed to establish a bureau for the time being.

North Korea also dispatched a delegation to Brussels in June to hold contacts with Belgium and EU officials. European countries put forth the resolution of the foreign debt problem, an improvement in the human rights situation, and the suspension of assistance to terrorism as preconditions for establishing diplomatic relations.

Ever since high-ranking talks began with the United States last year, North Korea has promoted its work to establish diplomatic relations with European countries. Recently, it succeeded in permanently stationing a delegation in Spain to Madrid's World Tourism Organization.

Currently, North Korea maintains diplomatic relations with five European countries including Finland, Austria, France, and Portugal.

Han: KEDO Needs Additional Money

SK2611045094 Seoul YONHAP in English 0444 GMT 26 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 26 (YONHAP)—The international consortium that is to implement the

Geneva accord between Pyongyang and Washington on revamping the former's nuclear program will need an additional 1 billion dollars apart from the cost of building light-water reactors, Foreign Minister Han Sung-chu said Saturday [26 November].

Han was quoted by Rep. Kim Tong-kun of the Democratic Liberal Party (DLP) as telling a closed-door session of the National Assembly Foreign Affairs and National Unification Committee that the Korea Energy Development Organization (KEDO) will have to raise about 1 billion dollars to provide the North with alternative energy, scrap the North's graphite-moderated reactors and transfer spent fuel rods to a third country.

The KEDO will have to shell out about 200 million dollars alone to provide the North with alternative energy, according to Han.

Han said the KEDO will decide how to raise the funds needed to construct the North's light-water reactors and the additional 1 billion dollars to implement the Geneva accord, according to Rep. Kim.

The minister, however, failed to go into how much the Seoul government will have to put up, Kim said.

The government maintains that it will not shoulder any additional burden except for a certain portion of the cost of building the light-water reactors. However, it faces demands by other KEDO member countries to share the additional burden.

U.S. Financing of Oil Shipments to DPRK Noted

SK2811022294 Seoul YONHAP in English 0217 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—The United States plans on financing the first heavy oil shipment to North Korea from its regular budget without having to obtain Congressional approval, sources here said Monday [28 November].

"The Clinton administration is expected to take care of the first 50,000-ton shipment of heavy oil with the existing budget," said one source who wasn't concerned about a Congressional hearing in Washington Tuesday on the U.S.-North Korea nuclear deal.

"The Republicans are warning of a block (to the deal), but the matter would be hard to develop into something beyond a political offensive," the source said.

Under the Oct. 21 nuclear deal, the United States is to provide 50,000 tons of heavy oil within three months as alternative energy during North Korea's reactor system transition. The United States must then provide 500,000 tons annually until the new reactors are built.

The Clinton administration is negotiating with Middle East countries including Kuwait and some Southeast Asian nations on participating in the annual shipment.

U.S. Republicans, who have just won a majority in Congress, are coming forward to criticize the nuclear agreement as too concessionary, giving too much while getting very little in return from North Korea. Senators like Frank Murkowski, Jesse Helms and majority leader Bob Dole have vowed to grill the administration on the deal.

Senator Dole Questions U.S.-DPRK Accord

SK2811003094 Seoul YONHAP in English 0025 GMT 28 Nov 94

[FBIS Transcribed Text] Washington, Nov. 27 (YONHAP)—New Senate majority leader Bob Dole, questioning the United States' interest in honoring its nuclear deal with North Korea Sunday [27 November], supported Republicans' move for a hearing.

"North Korea is known not to keep its promises," the senator said during an appearance on "Meet the Press."

"And it may not be in our national interest to proceed with this deal," said Dole, questioning the wisdom of Washington putting up some of the money while North Korea still hasn't allowed full nuclear inspections.

Sen. Frank Murkowski, tapped as chairman of the Senate Subcommittee on East Asia and Pacific Affairs, has asked for a hearing on the Oct. 21 U.S.-North Korea nuclear agreement whereby the Communist state promised to scrap its suspicious nuclear program in return for heavy oil to use as alternative energy and a set of new reactors.

"...I support Senator Murkowski in opening up—having the hearings—and let's take a look at it and see what we've really got. I don't think we got that much. I think they got a lot, but I'm not certain what we got," the majority leader said.

THE NEW YORK TIMES reported in its Sunday editions that Murkowski has made clear his intention to block the United States from supplying the heavy oil.

It said Dole and Sen. Jesse Helms, both members of the Senate Foreign Affairs Committee, support his move for a hearing.

But some lawmakers are against it, the paper said, such as Sen. John Warner of the Armed Services Committee, who insists that the agreement must be implemented.

Official Sees Warning as 'Symbolic'

SK2811033294 Seoul KBS-1 Radio Network in Korean 0300 GMT 28 Nov 94

[FBIS Translated Text] Reacting to the U.S. Republican Party's warning to halt the U.S.-North Korean agreement, the ROK Government believes it is only a symbolic warning with little feasibility. A high-ranking official of the ROK Foreign Ministry explained today that the U.S. Republican's warning should be interpreted as a political power struggle of the majority party against the Clinton Administration, rather than as a commitment to halt the nuclear agreement.

Daily Reviews U.S. Senate Hearing

SK2811060694 Seoul MUNHWA ILBO in Korean 28 Nov 94 p 1

[Report by correspondent Kim Chae-mok]

[FBIS Translated Text] Extraordinary attention is being paid to the efforts of some members of the U.S. Republican Party, which won a landslide victory in the latest by-elections, to reexamine the North Korea-U.S. agreement. In particular, a public hearing is scheduled to be held in the U.S. Senate on 29 November (30 November Korean time).

The ROK government is planning to maintain its existing North-related policy, including South-North economic cooperation, believing the U.S. Congress will not go so far as to demand the annulment of the North Korea-U.S. agreement that has already been proclaimed, and that even if the U.S. Congress should demand such an annulment, it will be difficult for the Clinton administration to accept such a demand.

This notwithstanding, the government is also preparing for the likely situation that the Republican Party, which now holds a majority in both the U.S. Senate and the House of Representatives, will heighten its offensive tone against the Clinton administration, keeping the next presidential election in mind.

In particular, while keeping an eye on the U.S. Senate hearings, at an opportune time the government will officially deliver its own position to the U.S. Government to the effect: "There is a danger that a change in the North Korea-U.S. agreement may give rise to uncontrollable instability on the Korean peninsula."

In this connection, in recent days Deputy Prime Minister Yi Hong-ku and the foreign minister have said: "Some Congressmen in the U.S. Republican Party are expressing strong dissatisfaction toward the Geneva agreement. On the contrary, this may have the affirmative effect of applying pressure to North Korea to fulfill its duty as specified in the agreement."

North Korea has also shown "a cooperative attitude" toward the North Korea-U.S. expert-level talks and toward inspections by the International Atomic Energy Agency, while refraining from assuming "an offensive attitude" against the United States.

On 28 November, one government official concerned predicted: "In all circumstances, U.S. foreign policy comes within the boundary of the U.S. President's authority. Only a limited number of hard- liners within the U.S. Republican Party are demanding the agreement be reexamined in its entirety. Also, in view of the characteristics of party politics in the United States, we think the Republican Party will not give a flat 'no' to the agreement, which has repeatedly been confirmed in the international community."

In the meanwhile, during a talk show hosted by NBC TV on 27 November, Bob Dole, floor leader of the U.S. Republican Party in the Senate, maintained a prudent stance, emphasizing: "A fulfillment of the agreement may run counter to U.S. national interests. However, under circumstances in which one has not yet grasped all that is written in the agreement, it will be irresponsible to say he will try to prevent the agreement from being implemented."

The 27 November issue of the THE NEW YORK TIMES quoted Senator Murkowski, chairman-designee of the East Asia-Pacific Affairs Subcommittee of the U.S. Senate, as stating: "Through public hearings, we will try to prevent the promise to supply the North with heavy oil from being kept."

However, the newspaper quoted other officials of the Republican Party, including Senator John Warner of Virginia, a senior on the Senate Armed Services Committee, as showing a different attitude: "It is important to have already agreed matters thoroughly implemented."

Seoul To Bring 301 Trade Law Move Before WTO

SK2611090594 Seoul YONHAP in English 0855 GMT 26 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 26 (YONHAP)—The South Korean Government plans to appeal to the World Trade Organization (WTO) if and when the United States takes a retaliatory step by its 301 trade law unilaterally against Seoul's poultry import practices.

"Once the WTO officially launches on the first day next year, such unilateral retaliative steps of the U.S. will be banned in accordance with the WTO's regulation on settlement of dispute (Article 23)," 2nd Assistant Foreign Minister Son Chun-yong said Saturday.

Saying that according to the article, the U.S. Government cannot take retaliatory measures against commodities and agricultural products under the control of the WTO, Son emphasized, "America might be able to take steps against such fields as military aid which do not belong to the WTO's management."

Having accepted a petition by domestic poultry export group Wednesday, the United States Trade Representative (USTR) has begun a probe into South Korea's beef import practices and will make a final decision on whether it will take retaliatory steps after its up-to-18-month investigation.

Russian Team To Visit DPRK To Market Reactors

SK2811072094 Seoul YONHAP in English 0713 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—Russia will send a team to North Korea next month to urge it to adopt the Russian nuclear reactor model, Russia's state-run radio Moscow reported Sunday. The team intends to ask North Korea to select the Russian model for the 4-billion-dollar reactor project to be financed by the international community.

Radio Moscow reported that the team will travel to Pyongyang sometime this year. This request, however, runs counter to the wishes of South Korea, the main financer of the project which insists along with the United States that the reactor type must be of South Korean design.

Russian Vice Foreign Minister Aleksandr Panov said last week that Moscow might send a negotiating team as early as December to discuss the matter.

The international community, led by the United States, has agreed to build two light-water reactors for North Korea to get the communist state to abandon its suspicious nuclear program.

Russia, boasting light-water reactor technology, has sought repeatedly to provide its model, reasoning that North Korea's existing nuclear facilities came from the former Soviet Union.

Russian Official on Policy on Korean Peninsula

SK2611122994 Seoul SEOUL SINMUN in Korean 26 Nov 94 p 5

[By Valeriy Denisov, deputy director in charge of ROK affairs of the Russian Foreign Ministry's Asia and Pacific Bureau; name as transliterated]

[FBIS Translated Text] Russia certainly has an interest in the ROK. I believe strengthening security on the Korean peninsula and improving the military and political situation on it through productive South-North dialogue, as well as making the Korean peninsula a zone without weapons of mass destruction, such as nuclear weapons, coincide with the Russian national interests. Of course, the peaceful reunification in conformity with the ROK people's intent also coincides with Russian interests because reunification of the Korean peninsula would bring stability in the Far East bordering area.

We think that Russia should make contributions to reconciliation between the South and the North. A democratic, economically prosperous, and reunified Korea would contribute to the integration [tonghap] of Northeast Asian countries. A reunified Korea would, of course, develop ROK-Russian relations for reciprocal economic cooperation. All that I mentioned above is an important principle for Russia making policies on the Korean peninsula.

In particular, Russia's position is firm on the principle of denuclearizing the Korean peninsula. We support strengthening international systems for nuclear nonproliferation. Russia supports the South-North joint declaration on denuclearization of the Korean peninsula and appeals to both South and North Korea to realize the declaration. The DPRK-U.S. agreement for a solution to the nuclear problem has affirmative [kungjongjok] aspects. According to the agreement, North Korea has frozen its nuclear program and decided to introduce safe light-water reactors. It has also promised to remain as a signatory of the Nuclear Nonproliferation Treaty [NPT]. In addition, supporting methods to realize the denuclearization of the Korean peninsula, North Korea decided to allow nuclear inspections by the International Atomic Energy Agency [IAEA].

Also, Russia affirmatively assesses the normalization of DPRK- U.S. relations. However, there are a few things to take precautions against. First, the IAEA's special inspections of North Korean nuclear facilities have been postponed until after five years. The special inspection had been the point at issue between North Korea and the IAEA for a long time. The IAEA Board of Governors has adopted resolutions on this issue several times, and the UN Security Council has also discussed it. The postponement of special inspections will certainly influence several countries' positions when discussions are held on the extension of the NPT next year.

The second problem is related to Russia's role. Russia supports the strict application of the international agreement under the NPT, as well as IAEA provisions on signatories' obligations, in resolving the nuclear issue on the Korean peninsula. To this end, Russia has already proposed holding an international conference on security of the Korean peninsula and its denuclearization.

Of course, Russia will not forcibly make a demand for its special role in resolving the nuclear issue on the Korean peninsula. However, we would like to stress that Russia's interests will be positively considered in the future because we have actively participated in the efforts to resolve the nuclear issue. Russia has recently stopped cooperating with North Korea in using nuclear energy for peaceful purposes because North Korea did not implement its duties under the NPT. In 1985, Russia and North Korea signed a treaty on cooperation in building nuclear power plants. According to the treaty, Russia greatly helped North Korea in selecting building sites and provided it with economic and technological support. Accordingly, the refusal of our proposal for the provision of Russian-type light-water reactors damaged our national interests. It also cast a slur on the position of Russia's nuclear industry in the world market. Russian reactors coincide with international safety standards.

As a matter of course, Russia makes policies on the Korean peninsula based on its national interests. Russia has various legal mechanisms that are necessary for cooperation with the ROK. Russia and the ROK adopted a joint declaration when President Kim Yong-sam visited Russia in June. The two countries hold political dialogue regularly and, this year alone, their foreign ministers have met twice. The two countries have actively cooperated with each other in international organizations, such as the United Nations and the IAEA. Recently, a Russian legislative delegation led by Upper House Speaker Aleksandr Schoemeiko visited Seoul. I am sure regular exchanges of the two countries' lawmakers will make a great contribution to increasing mutual understanding.

Frankly speaking, however, economic cooperation between the two countries is unsatisfactory. This year's trade between the ROK and Russia is expected to reach $2 billion or so, far smaller than the ROK-China yearly trade of $10 billion. The total amount of ROK enterprises' investments in Russia reaches approximately $30 million, while the amount of ROK investments in China reaches $5 billion. There are, of course, complicated problems between the ROK and Russia, such as the loan issue. By the way, Russia is trying to repay it, and negotiations on the loan repayment are being held between the two countries.

Russia is also developing equal relations [tongdunghan kwangye] with North Korea. Relations between the two countries have rapidly developed since Russian Vice Foreign Minister Aleksandr Panov visited Pyongyang in September as a special envoy of President Boris Yeltsin.

Russia and North Korea promised to develop their relations based on the internationally admitted principle that they shall not intervene in each other's domestic affairs. This principle involves that the two countries shall respect each other's sovereignty and respect the right to choose their own ways to achieve social, economic, and political development. They also agreed to have regular political dialogue, parliamentary-level exchanges, and active exchanges of scientific and cultural groups.

In addition, Russia and North Korea agreed to set up a legal system necessary for a new development in their relations. They also agreed to revise the treaty on North Korea's felling in Far East, particularly provisions on human rights, in accordance with modern international standards. The Russian and North Korean Governments promised to sign an agreement on investment guarantee and a treaty for the avoidance of double taxation in the near future. Accordingly, exchanges between North Korea and Russia are expected to become very active.

Russia wants to have friendly exchanges with both South and North Korea. Russia hopes for peace and security on the Korean peninsula and supports productive South-North dialogue that is necessary to achieve this as it believes all this coincides with its national interests.

Trade 'Efficient Quality Management' Viewed

SK2811010094 Seoul THE KOREA TIMES (SUPPLEMENT) in English 28 Nov 94 p 1, 2

[By staff reporter Choe Won-sok]

[FBIS Transcribed Text] It is not too much to say that Korea feels the importance of quality the most keenly throughout the world because of its heavy dependence on exports for its economic development.

Since 1990 when Korea suffered a trade deficit again after three consecutive years of its first-ever surplus, Korean enterprises have concentrated efforts on improving the quality of their products in order to survive in the ever-competitive world market.

Despite their endeavors with full support from the government, they are still smarting from poorer than expected sales on the international market due to a flood of cheaper products from China, Mexico and other developing countries.

Reflecting their hardships in overseas sales, Korea is expected to experience a trade deficit of more than $5 billion on a customs clearance basis this year even though the government initially projected to balance exports and imports.

The trade results will be very disappointing because the government has set this year as the "Year of Quality" in a bid to strengthen domestic industrial competitiveness through efficient quality management. Based on the enhancement of industrial competitiveness, the government has sought to beef up national competitiveness.

Notwithstanding grim performances, the 20th Korea Quality Management Rally was held at the Sejong Cultural Center Friday [25 November] in a grand ceremony with President Kim Yong-sam and some 4000 people representing all walks of life attending.

During the rally hosted by the Korea Standards Association (KSA) under the sponsorship of the Industrial Advancement Administration (IAA), Samsung Electronics received the grand prize and 13 other companies were cited for their excellent quality management.

Through its impeccable quality control, Samsung, the leader in the world's non-memory chip industry, succeeded in developing the world's first fully-working die of a 264M DRAM (dynamic random access memory) semiconductor this year.

Among the 13 other enterprises cited are Chosun Hotel, Daewoo Motor, Dongbu Engineering & Construction, Goldstar and Hyundai Motor.

During the rally, the participating business leaders and workers pledged to combine efforts to improve the quality of products based on harmonious and sound labor-management relations.

Facing the dawning of a new millennium, the world is literally rushing towards a "global village" where technologies, especially those in the fields of information and telecommunications, undergo revolutionary changes.

Cross-border trade and investment become so prevalent as to blur the nationality of many big enterprises. Above all else, the market-oriented economy has become the rules of game.

The world in such a significant transformation process can not be fully free of challenges.

The Cold War is over and the global trade regime is being nurtured by the conclusion of the Uruguay Round of multilateral trade talks and by the birth of the World Trade Organization (WTO) next year replacing the General Agreement on Tariffs and Trade (GATT).

In the meantime, Korea is carrying out a new five-year economic development plan in order to focus on restructuring the economy for greater efficiency and technological development and for full participation in the new global economic order.

At this juncture to put the nation's economy and industries on the right track, the role of the IAA is further growing.

Now headed by Pak Sam-kyu, the IAA, which was set up in 1973 under the wing of the Ministry of Trade, Industry and Energy, has led a drive to upgrade productivity and quality through industrial technology promotion, quality management, standardization and international cooperation.

The administration puts major emphasis on quality management to help business concerns strengthen their competitiveness on the international market by selling quality products.

Specifically, the IAA also carries out quality evaluation in a bid to protect consumers as well as to improve the quality of industrial products.

To realize the aim, the administration promotes quality management activities of enterprises and is responsible for the implementation of quality management drives.

For the expansion of the quality management movement, the IAA holds nationwide explanatory seminars, tours and contests.

To increase the recognition of quality management and disseminate techniques, it train some 10,000 quality management leaders annually.

The IAA encourages all manufacturing companies with more than 50 workers each to reorganize and set up their quality circles.

To ensure consumers of safety and help them select better products, the IAA designates 50 items each year, based on consumer claims, are hazardous to life. Through the designation process, consumers have access to information they need in the selection of products.

On industrial goods whose quality is difficult for consumers to judge, the administration makes it mandatory for manufacturers or importers to specify ingredients, standards, ways of use and cautions.

In addition, the IAA provides technical assistance to enterprises as part of its industrial support program. Technical assistance is offered to those companies which need to improve the quality of their goods or new businesses.

The IAA exerts considerable efforts to encourage private enterprises to set up research institutes within their respective fields.

For the purpose of improving the quality and increasing the productivity, the IAA takes command of the Korean industrial Standard (KS) system and participates in activities of world organizations such as the ISO (International Organization for Standardization), IEC (International Electrotechnical Commission) and PASC (Pacific Area Standards Congress).

Since Korea became a signatory of the GATT Agreement on Technical Barriers to Trade in October, 1980, the IAA has served as a GATT inquiry point for industrial products and responded to inquiries from interested foreign countries about standards and regulations in Korea.

Overseas Construction Orders Exceed 1993 Record

SK2511082594 Seoul YONHAP in English 0545 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25, (YONHAP)—South Korea's overseas construction orders continue to pile up, having already leaped over last year's record.

The Construction Ministry said Friday that overseas orders from January to Nov. 22 this year came to 5.13 billion U.S. dollars for 111 projects, up 65 percent from the same period in 1993 and exceeding last year's record of 5.11 billion dollars.

By region, orders from Southeast and Southwest Asia accounted for 63 percent of the total.

The growth in orders from the region is attributed to the ongoing economic boom in such countries as Singapore, Thailand and Malaysia and to the brisk economic development drives of China and Vietnam.

Orders from the Middle East were calculated at 1.37 billion dollars for 21 projects, up 75 percent from a year earlier.

By company, Hyundai Construction Co. topped the list with 1.2 billion dollars, followed by Jinro and Tong-A Construction Cos. with 561 million dollars and 530 million dollars, respectively.

The total amount of overseas orders is expected to reach around 6 billion dollars, the Construction Ministry said.

President Urges Follow-Up Steps for Globalization

SK2511114094 Seoul YONHAP in English 1107 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—President Kim Yong-sam on Friday afternoon told the administration to take follow-up measures to promote the nation's globalization.

Chongwadae [presidential offices] spokesman Chu Ton-sik said that while presiding over a senior Chongwadae secretaries meeting, President Kim asked his secretariat to consult with the cabinet so that follow-up steps will be taken under the principle of steering state programs in the direction of globalization.

According to Chu, President Kim emphasized that "measures should be taken so that globalization won't end in an empty slogan and that people will fully understand it."

The spokesman also said that "the Korean automobiles' advancement to Indonesia" on which President Kim agreed with Indonesian President Suharto during Kim's recent visit to Jakarta does not mean a joint-venture project but the shipment of finished Korean automobiles to Indonesia.

"Shipment of finished vehicles to Indonesia will bring about a fresh change in the exports of Korean-made vehicles," the spokesman said.

* UR Benefits, Costs for Textile Industry Viewed

952C0016A Seoul SILMUL KYONGJE in Korean 28 Sep 94 pp 51-53

[By Yi Chae-tok, associate researcher at the Light Industry Division of the Korean Institute for Industrial Economics & Trade (KIET) which publishes SILMUL KYONGJE]

[FBIS Translated Text] **The conclusion of the Uruguay Round (UR) textile negotiations will simultaneously have both a positive and negative effect on our textile industry. Overall, the gains will exceed the losses. More than 80 percent of textile enterprises said the UR agreement will have a positive effect on textile exports over the next 10 years. Below the author will examine the possible gains and losses.**

The official signing of the UR agreement in Marrakech, Morocco, on 15 April marked the beginning of the full-fledged UR era. There will be a major change in the international climate of textile trade thanks to this agreement. Textile trade, which has hitherto been regulated under the multilateral fiber agreement (MFA), will be liberalized gradually under the UR textile agreement; and tariffs on textiles will be lowered under the UR customs agreement.

LDC's To Benefit From UR Agreements

The less developed countries [LDC's] regard the textile industry, which requires relatively little capital and is subject to relatively fewer technologic limitations, as a springboard for economic development. But the MFA regulations have been a major obstacle to expanding their textile exports. Their opportunities for normal textile exports have been suppressed for these reasons: the relatively small quotas allocated to them; the lack of stability in their production activities resulting from frequent controls; and the inefficient management of the quotas.

But the UR textile agreement paves the way for LDC's to increase their textile exports, making them the greatest beneficiaries of liberalized textile trade.

This is because enterprises in advanced countries and major textile exporting countries are moving production bases to LDC's, boosting the capacity of these countries to supply textiles. Currently, textile-exporting countries such as the ROK, Taiwan, and Hong Kong, are expanding investment in China, Indonesia, Vietnam, and other Asian countries in order to avoid losses from trade frictions and cut down on labor and other costs on the strength of their accumulated capital and technical know-how.

Expanded investment in these Asian countries will expedite the transfer of technology to them and accelerate division of labor in this region. China and ASEAN countries, in particular, are emerging as the world's major textile-producing and exporting countries thanks to their abundant labor supply and growing equipment investment by foreign capital and technology.

ROK's Low Rate of Quota-Based Exports

The ROK has bilateral textile agreements with the United States, Canada, the EU, Austria, Finland, and Norway. Our textile exports under the MFA totaled $3.6 billion last year, accounting for 23 percent of our total textile exports. This percentage represents a decrease of as much as 36 percent from 58.8 percent in 1985.

In 1993 quota-based exports of fabrics accounted for 9 percent of total fabric exports, or a decrease of about 4 percent from the 1990 level, whereas 1993 quota-based garment exports equalled 46 percent of the total garment exports, slightly higher than 44 percent in 1990.

Accordingly, the abolition of the quota system is expected to have little effect on fabric exports, but will have some effect on our garment exports. The export of medium-priced and low-end garments is expected to decrease due to the removal of the quotas. Overall, the removal of the quotas will not have much impact on textile exports because fabric exports account for a greater portion of total textile exports than do garment exports, and because fabric exports are on an increasing trend.

UR To Contribute to Boosting Textile Exports

Our country, which holds large quotas under the current MFA arrangement, will be able to enjoy privileges accruing from these quotas because the liberalization of textile trade will proceed step by step during the 10-year transitional period after the UR textile agreement takes effect. We cannot rule out the possibility that among items slated for reversion to GATT jurisdiction, some items of interest exported to major export markets will be subject to an early reversion. However, the removal of quotas will not have much adverse effect on our textile exports; because our main export items are of great interest to advanced countries, there is little chance that they will revert to GATT jurisdiction.

A comparison between our country and LDC's in terms of the number of textile items subject to export quotas shows that, with regard to exports to the United States, we have 64 such items whereas Malaysia has 28 items and Indonesia has 19 items. In other words, we have more than 2.5 times as many such items than either of these two countries. With regard to exports to the EU area, we have 49 items subject to restrictions whereas Malaysia and Indonesia have less than 20 such items each. This indicates that our textiles are subject to greater restrictions in the markets of advanced countries. Therefore, depending on items, our textile exports are expected to increase thanks to the removal of the quotas.

Nevertheless, in the process of liberalizing exports of MFA-regulated items, competition with LDC's is expected to intensify in existing export markets, making it more difficult to increase the export volume of some medium-priced and low-end items. Particularly, LDC's will have their quotas increased rapidly because they are supposed to get larger quotas than they have now on items for which the quotas will remain in force in the transitional period for reversion to GATT jurisdiction.

In the long run the complete liberalization of textile trade will result in a decrease in exports of items which account for a larger portion of the total textile exports, due to the loss of existing quota privileges. However, this will not have much effect on our textile exports because the percentage of quota-based textile exports to the total textile exports is on a decreasing trend.

On the other hand, the removal of MFA controls will be conducive to improving the competitive edge of our textile goods because our textile industry will be free from the negative effects of MFA controls, which includes such troubles as: restrictions on exports of highly competitive items; declining domestic production due to the uncertainty of the export climate under the bilateral agreements; the inefficient allocation of resources; the cost of managing the quotas; and higher export costs due to the charges on the quotas.

The conclusion of the UR negotiations will have both a positive and negative effect on our textile industry, as shown above. But overall, the gains will be greater than the losses. In an opinion survey sent out to textile firms concerning the possible effects of the conclusion of the UR negotiations on our textile exports over the next 10 years, more than 80 percent of the respondents gave a positive answer. Regarding the question, "To what extent do you think exports will increase if the effects are positive?" about 90 percent of respondents said that exports will increase by 5 percent. Over 60 percent of these respondents said exports will increase more than 10 percent.

Shift to Technology-, Knowledge-Intensive Structure Urgent

When the UR textile agreement expires and the textile trade is integrated into GATT jurisdiction, the quota privileges enjoyed under the MFA arrangement will disappear completely. Accordingly, only international competitiveness will determine the scope of exports on the world textile market.

In the past, our textile industry enjoyed a high degree of price competitiveness based on low wages. As a consequence, it has somewhat neglected efforts to develop technology and reorganize its production structure. This has resulted in a sharp decrease in the international competitiveness of our textile products due to the continuing rise in wages in recent years. In addition, the textile industry is experiencing the phenomenon of an outflow of the factors of production to other industrial sectors, because it has a lower earnings rate than do other industries.

In view of this, it is necessary at this moment to take medium- and long-term measures for the structural improvement of the textile industry in conjunction with revamping the existing MFA-based order of international textile trade. First, it would be difficult to increase the volume of our textile exports in the period in which the regulation of textile trade is integrated into GATT jurisdiction. Therefore, to overcome this difficulty, it is essential to produce more high-end, high value-added textile products, and work out policy measures designed to induce the textile industry to reorganize its production and distribution structures into more technology- and capital-intensive ones.

The key to increasing our textile exports lies in fostering specialized small- and medium-sized enterprises. This requires efforts to push ahead with these tasks: opening the door of export quotas wider to small and medium enterprises; inducing them to specialize in specific areas; and assisting them in their marketing and other activities.

Libyan River Project Official Arrives 28 Nov

SK2811063694 Seoul YONHAP in English 0612 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—The secretary of the Libyan People's Committee for the Great Man-Made River Authority (GMRA), Jadallah 'Azzuz al-Talhi, arrived in Seoul Monday [28 November] at the invitation of South Korean Construction Minister Kim U-sok.

Jadallah's visit comes in return for Kim's trip to Libya last July and will last until Dec. 4. During his stay, the secretary and Kim will discuss construction cooperation between the two countries and tour the newly built Pundang city near Seoul and such construction sites as the Uljin Atomic Power Plant.

The visit by Jadallah, who is in overall charge of the GMRA project, will likely help South Korea secure orders for GMRA follow- up work including the third-stage project worth 2.6 billion U.S. dollars.

Ministry Plans To Simplify Immigration Processes

SK2511010594 Seoul YONHAP in English 0023 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—The Justice Ministry, in a bid to reinforce the nation's competitiveness, plans to drastically simplify the immigration control system and improve management of foreigners residing in the country.

To that end, the ministry envisages giving greater authority to issue entry visas to the heads of overseas missions and installing automatic passport-reading devices, currently being tested at Kimpo Airport, at all air and sea ports beginning next year.

With a view to enhancing the performance of immigration officers, the ministry plans to increase overseas training for pertinent officials and train them to speak more than two foreign languages.

These plans were disclosed at a nationwide immigration office chiefs' meeting held at the ministry Friday with Justice Minister Kim Tu-hui attending.

As for illegal aliens and foreign industrial trainees who leave their workplaces without permission, the ministry will continue to enforce strict controls and expel such foreigners when caught, while beefing up administrative guidance to local firms employing foreign trainees to minimize ill-treatment and abuse of their human rights.

In an address at the meeting, Minister Kim stressed the need for "a prompt and simple immigration review system in this era of limitless competition."

National Unification Minister Departs for Tour

SK2811114794 Seoul YONHAP in English 1117 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—Deputy Prime Minister Yi Hong-ku left the country Monday on an overseas tour that will take him to Washington D.C., Mexico and Germany through Dec. 7.

Yi will officially visit Mexico Nov. 30-Dec. 2 to attend, as a special government envoy, the inauguration of President Ernesto Zedillo.

During the visit, Deputy Premier Yi will deliver a personal message of President Kim Yong-sam to President Zedillo, in which President Kim would invite the Mexican president to make an official visit to Korea.

On his way home from Mexico, Yi, who is also national unification minister, will fly to Germany to meet with German Government leaders on situation there after East-West German unification as well as on the Korean situation.

Prior to his visit to Mexico, the deputy premier will drop into Washington D.C. where he will deliver a speech at a ceremony marking the 10th anniversary of the peace institute of the U.S. Congress.

Mayor: All Bridges Subject to Foreign Inspection

SK2811005894 Seoul THE KOREA TIMES in English 28 Nov 94 p 3

[FBIS Transcribed Text] All bridges to be built in Seoul will be subject to inspection by foreign experts to kick out a "cozy tie" between builders and local inspectors that was presumed to have contributed to the shoddy construction of Songsu Bridge improperly and, thus, its fatal collapse last month.

In a press meeting Saturday [26 November], Seoul Mayor Choe Pyong-yol said that for "objective and impartial" inspections, foreign experts will be brought in to check all bridges to be built in the future.

"The current system, under which those who design bridges also inspect them, leaves too much room for builders to manipulate and influence the outcome of inspections to cover up their poor workmanship and improper construction work," Choe said.

Investigations have showed that Tong-A Construction Co., builder of Songsu Bridge, cut corners to shorten the construction period and save money, which probably led to its collapse despite its being only 15 years old.

It is an open secret that builders and inspectors often collude for mutual benefits in a circle of vice that builders supply work for designers, who are also tasked as inspectors, who in return connive at irregularities on the construction sites.

Following the collapse of Songsu Bridge, City Hall has been under fire to sever the vicious circle once and for all to restore a lost sense of confidence among over 10 million residents of Seoul.

Mayor Choe also said that traffic control will be inevitable on Yanghwa Bridge, a key Han River crossing in western Seoul, for the time being to have it revamped. The bridge was evaluated to be in poor shape with its structure showing signs of fatigue.

"Although the plan calls for a complete ban on heavy traffic, we are actively considering allowing some of heavy trucks on the bridge in consideration of the bridge's role as a key intra-Seoul transportation route of heavy goods," he said.

DLP, DP Political Impasse Expected To Continue

SK2711060494 Seoul YONHAP in English 0552 GMT 27 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 27 (YONHAP)—The current political impasse over the Dec. 12, 1979 "military rebellion" is expected to last for the time being as the main opposition Democratic Party (DP) is poised to continue outdoor rallies.

Evaluating as successful its massive outdoor rally in Taejon Saturday [26 November] in which it urged the government to indict former Presidents Chon Tu-hwan and No Tae-u and others involved in the Dec. 12 incident, the DP is set to hold more such rallies in other major cities.

On the other hand, the ruling Democratic Liberal Party (DLP) Saturday opened by itself the parliamentary Foreign Affairs-Unification and Education Committees for the second day in a row to deliberate on the 1995 Budget Bill.

The DP's Tonggyo-tong Faction and the non-mainstream faction agree on that internal confusion arising from differences in ways of struggle over the Dec. 12 "coup d'etat like" incident and Chairman Yi Ki-taek's giving up his parliamentary seat should be settled at an early date. Opposition leader Yi Ki-taek, however, declared at the Taejon rally that outdoor rallies would continue, without easing his intention of quitting his National Assembly seat.

In an effort to find a way out of the confusion, the opposition party holds a supreme councillors meeting Sunday evening, presided over by Yi, and a party Executive Council meeting and a caucus of lawmakers early next week.

DP factions are expected to seek an appropriate time for returning to the National Assembly by asking Yi to retract his decision to give up his parliamentary seat on the one hand, and participating in the party's outdoor rallies for the present on the other.

A DP source said over the weekend that Tonggyo-tong and other factions of the party "will cooperate with Yi's hawkish line of struggle for the time being to avoid worsening confusion in the party." If the ruling DLP introduces to the National Assembly a motion ratifying joining the world trade organization, however, "the DP might find it difficult to further prolong its boycott of the assembly," the source added.

The government party meanwhile has tentatively decided to complete the deliberation of the Budget Bill by committee by Monday, initiate functions of the Budget Settlement Committee Tuesday, and attempt to pass the 1995 Budget Bill on Dec. 2, the legal deadline.

Lawmaker: Former Military Clique To Form Party

SK2511011694 Seoul YONHAP in English 0040 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—Opposition Lawmaker Kang Chang-song claimed Thursday that figures from militiaman-turned-president Chon Tu-hwan's regime are poised to form a new political party, saying they have the money and the connections.

Forming the core of the new party will be the military clique "Hanahoe," of which Chon was a key member.

"Hanahoe members met over 10 times at Chon's home," the opposition lawmaker said at a seminar. "These people are just not coming right out because of certain problems such as their involvement in the Dec. 12 incident and the military suppression of the Kwangju Democratization Movement."

"But they have more than enough in terms of necessary funds and personal connections.

"Hanahoe's roots stretch far deeper and wider than anyone can posibly imagine. What Maj. Gen. O Hyong-kun said recently reflects this," Kang said.

O, a Hanahoe member, is under fire for comments earlier this week on the military leadership's "lameness" toward the government.

Ministry Rebuts Presidential Aides' Accusations

SK2511101194 Seoul YONHAP in English 0818 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—The Foreign Ministry on Friday refuted some presidential aides' accusations of brazenness and false briefings as being "greatly different from the truth."

The ministry came under fire when one of its protocol officers refused to take care of the president's and first lady's passports on their way back from Australia Nov. 19 following the Asia-Pacific Economic Cooperation (APEC) summit and a three-nation tour.

Assistant Minister for Policy Planning Yi Chang-chun was blamed for conducting a false briefing, telling the president South Korea had been categorized as a developing nation in APEC's Bogor Declaration, not as an advanced nation.

Chongwadae [presidential offices] officials claim the president only found this out at the APEC summit.

Ambassador to Australia Kwon Pyung-hyon also drew fire for allegedly failing to report a major bilateral issue—getting Australia to issue employment permits for tourists.

"It's not true that Assistant Minister Yi gave a false briefing," ministry spokesman Chang Ki-ho said. "It's out of the question that such an important matter was not properly reported to the top."

"I would not disclose exactly when, but the matter was reported to President Kim before he attended the APEC summit," said Chang.

He also defended Amb. Kwon, saying the president had definitely received a briefing on the visa issue.

He described as "overly exaggerated" Chongwadae officials' claim that one of the Foreign Ministry protocol officers brazenly "flung" passports of Chongwadae officials, including the first couple.

Chongwadae has reportedly started a probe to seek out those responsible for these happenings.

Foreign Minister Han Sung-chu is said to have personally talked with all the accused ministry personnel to hear their accounts.

DLP Convenes National Assembly Unilaterally

SK2511092694 Seoul YONHAP in English 0802 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—The ruling Democratic Liberal Party (DLP) convened the National Assembly plenary session unilaterally Friday afternoon and resolved to recess for one week until Dec. 1 and to refer pending bills to standing committees.

The DLP is moving to have the National Assembly standing committees and budget-settlement panel meet from Friday to deliberate next year's budget bill and other legislation.

The ruling party plans to resume the plenary session Dec. 2 to act on the 1995 budget bill if the leading opposition Democratic Party (DP) continues its parliamentary boycott.

In addition, the DLP is set to table a motion for the country's membership in the World Trade Organization (WTO) at the assembly foreign-national unification committee.

Upon resuming the plenary session, assembly Speaker Hwang Nak-chu said he regrets that the parliament has only settled six legislative items out of 230 bills even though three-quarters of the incumbent session has already elapsed.

Hwang then urged the DP to return, saying that solving problems through dialogue and discussion at the assembly is the basis of parliamentary democracy.

Kim Tae-chung Views Yi Ki-taek's Resignation

SK2511075094 Seoul YONHAP in English 0528 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—Retired opposition leader Kim Tae-chung, saying he was "extremely worried" about Yi Ki-taek's resignation from the National Assembly Friday, advised party unity based on thorough negotiations.

"Whatever the decision is, they must deal with the problem after full negotiations with Yi as their center," he said through his spokesman.

Yi, head of the main opposition Democratic Party, declared after boycotting the National Assembly regular session that he is giving up his lawmaker's position, resolved to fight the government's decision not to indict those involved in the Dec. 12 incident.

Kim Tae-chung, a respected figure who still has a strong following, threw Yi a curve by saying in a recent magazine interview that the opposition should return to the National Assembly.

"Everything should be decided through complete unity within the party," he was quoted as saying.

His aides said Kim strongly reprimanded Kwon No-kap, his foremost follower, for critical remarks leveled Thursday against Yi Ki-taek, calling him "disrespectful" for going against Kim's wishes.

Group Formed for Indictment of 12 Dec 'Rebels'

SK2811110094 Seoul YONHAP in English 1021 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—A civil organization to fight for the immediate indictment of "Dec. 12 military rebels" was formed in a brief ceremony at the Hyangnin Church in Seoul Monday afternoon.

About 100 opposition and dissident leaders took part in the organization dubbed "Nationwide Conference for the Indictment of Dec. 12 Military Rebels."

Among the participants were head of the opposition Democratic Party Yi Ki-taek, head of the national alliance Sin Chang-kyun, Catholic Fr. Kim Sung-hun, Buddhist Rev. Chinkwan and lawyer Yi Ton-myong.

A resolution adopted during the ceremony said in part that the Dec. 12 incident was an act of military rebellion and civil insurrection rather than a mere violation of the military criminal code or a criminal conduct.

"Moreover, the incident was an anti-historical criminal event that denied democracy from the root and distorted the righteous spirit of the nation," it said.

The resolution then demanded that the "Dec. 12 rebels" be stripped of various medals and favors given them and purged from public service, a special prosecutor's system be introduced to investigate the incident thoroughly, and prosecution officers responsible for suspending their indictment be punished.

In a speech at the ceremony, Democratic Party head Yi vowed that no matter whatever difficulties he may face, he would fight to the end to have the "rebels" indicted in the spirit of rectifying a distorted part of history.

After the ceremony, about 30 of the attendees went into an indefinite hunger sit-in.

The conference plans to stage various public campaigns like outdoor rallies, a protest visit to Chongwadae [presidential offices] and street publicity drives to push through their indictment.

The prosecution earlier determined the incident to be a military rebellion but suspended their indictment lest their ensuing trial should lead to a split in national opinions and waste of national energy.

Bipartisan Negotiations on Coup Issue Proposed

SK2811011394 Seoul YONHAP in English 0051 GMT 28 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 28 (YONHAP)—Opposition Democratic Party (DP) Chairman Yi Ki-taek proposed Monday [28 November] that a bipartisan floor delegation be formed to negotiate major state issues, including the indictment of "military rebels" who played key roles in the Dec. 12, 1979, incident.

Meeting reporters at his home in Pukahyon-dong, Seoul, Yi made the proposal while asserting the ruling and opposition parties need to negotiate in the National Assembly to exercise their political influence to get President Kim Yong-sam to make a determination on indicting those involved in the Dec. 12 "coup d'etat-like" incident.

Yi maintained that the National Assembly must deal with general state affairs like the budget bill, but it should place more emphasis on correcting the national spirit and history by resolving the Dec. 12 issue.

He blasted the government and the ruling Democratic Liberal Party (DLP) for operating parliament without the DP, charging it to be an unprecedented incident in the country's constitutional history that the ruling party has convened standing committees unilaterally.

"The incumbent government is ignoring parliament even more than the past military regimes," he charged.

Moreover, he called on the DLP leadership to show courage and overrule the president's decision on the military incident.

More on Local Taxation Programs Inspections

SK2511114294 Seoul YONHAP in English 1111 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—The government on Friday formally decided to look into taxation programs of the 267 counties, small cities and wards across the country in a period of 20 working days from Nov. 28 through Dec. 20.

The special inspection, designed to determine if local taxes weren't pocketed by tax officials, comes on heels of the recent uncovery of the embezzlement of large amounts of taxes by public officials and others in Inchon and nearby Puchon, Kyonggi Province.

A joint meeting between the cabinet and the Board of Audit and Inspection [BAI] decided to mobilize a total 1,510 inspectors for the joint cabinet-BAI probe.

The probe will be made with emphasis on 50 "vulnerable" areas like the new capital-area cities of Ilsan, Pyongchon and Sanbon, and other new development areas such as Uijongbu, Ansan, Sihwa area, and Kimhae and Yangsan of South Kyongsang Province.

The outcome of the probe will be made public before the close of the year.

Home Ministry Reportedly Knew of Puchon Fraud

SK2811012894 Seoul THE KOREA TIMES in English 28 Nov 94 p 3

[FBIS Transcribed Text] Suwon, Kyonggi-to—New evidence in a tax embezzlement scam at ward offices in Puchon near here has shown that the Kyonggi-to administration and the Home Ministry were aware of the fraud prior to audits by the Board of Audit and Inspection [BAI].

The revelation is significant in that it proves that Home Ministry officials and senior officials of the provincial administration lied when they said they had only vague knowledge of the embezzlement.

In daily reports, officials of the auditor's office of the province detailed the scope of the tax embezzlement and they were subsequently submitted to the Home Ministry.

Some six days before the audits were concluded Oct. 14, they reported that at least 1.85 billion won (2.3 million dollars) were pocketed by low-echelon tax collectors and scriveners.

They identified seven tax officials and four scriveners as being responsible for the embezzlement and presented progress reports on the steps that were taken to deal with the situation.

These findings proved that Gov. Yim Kyong-ho was not entirely honest when he said "I only knew the outlines of the embezzlement. I had no idea what the scope or content of the case was."

He later said he was not able to immediately come up with measures to deal with the situation because he did not have the relevant evidence to pursue administrative action.

The report, in fact, even specified that they found the scriveners were taking 70 percent of the embezzled money with the tax collectors taking the remaining 30 percent, indicating the extent to which senior provincial and ministry officials were advised of the case.

The reports, however, gave no indication as to whether kickbacks were offered to senior officials to turn a blind eye toward the massive irregularities which were later concluded by the BAI as involving about 2.2 billion won (2.7 million dollars).

The damage caused by the apparent "hush" over the finding is that it allowed time for some of the involved officials to either go into hiding or leave the country to avoid prosecution.

* Articles Discuss 1995 Seoul Mayoral Election

Poll on Candidates for Seoul Mayor

952C0019A Seoul SISA JOURNAL in Korean 22 Sep 94 pp 14-18

[By reporter So Myong-suk: "Who Can Be a Good Candidate for Seoul Mayor?"]

[FBIS Translated Text]

A poll jointly conducted by SISA JOURNAL and the Korea Research Center shows Yi Hoe-chang and Pak Chan-chong as most favored potential candidates for the ruling and opposition camps respectively. They are followed by Hong Sa-tok, Ko Kon, and Chong Won-sik in that order.

The Seoul mayor being elected by popular vote next year will have more influence than the prime minister of the cabinet. Former Prime Minister Yi Hoe-chang is seen as the best-qualified, ruling-party candidate; for the opposition, it is Pak Chan-chong, chairman of the Sinmin Party. Between the two, Rep. Pak Chan-chong is better qualified; Yi Hoe-chang has a better chance of being elected, though.

These are the key points of a survey jointly conducted by SISA JOURNAL and the Korea Research Center on 3 and 4 September, which polled 1,014 residents in Seoul, men and women of age 20 or higher.

Who will be put in charge of the largest local government of this country? Who will take the Seoul mayor's post, which is comparable to that of an independent republic's president? While the Seoul mayoral election, which is the biggest issue of the four major local elections scheduled for next year, is still more than 10 months off, the race is already on inside political camps. The shotgun was already fired signaling its start.

The "Seoul mayor's post" was once a central issue in a secret bargaining between the Democratic Party [DP] and the Sinmin Party over an opposition merger. In the course, Pak Chan-chong's candidacy, which had been a matter of mere conjecture, was confirmed as an established fact. Cho Se-hyong, DP Supreme Committee member, and Rep. Yi Chol also announced their candidacies. Both have long been known to be nurturing their own mayoral dreams. Other leading DP politicians are also expected to make public their intent to join the race. While ostensibly apprehensive of a prematurely overheated race, politicians of the ruling camp would refrain from making public comments, but the Seoul post is the biggest topic as well in their private conversations.

The survey, first of all, sought to find the level of voter interest in the Seoul mayoral election itself. More than a half of the polled or 64.6% answered that they knew about the election (Table 1). Considering the election date, it apparently indicates a relatively quite high level of interest and knowledge. But the poll also found those in their twenties and students showing lower-than-the-average levels of knowledge with 46.0% and 45.3% respectively, suggesting that the wall of apathy and cynicism toward politics remains high among young people in their twenties and thirties.

Individual Image Bigger Factor Than Political Weight

Asked to "name the expected candidates you know of" (item 3 of the questionnaire), the respondents gave these names: Pak Chan-chong (21.6%); Hwang San-song, former minister of health and social affairs (8.5%); Rep. Kim Tok-yong of the Democratic Liberal Party [DLP] (6.1%); Rep. Chong Tae-chol, DP (5.9%); Rep. Yi Chol, DP (5.0%); Rep. Hong Sa-tok, DP (4.4%); Rep. Cho Se-hyong, DP (3.9%); Ko Kon, former Seoul mayor (3.9%); Yi Hoe-chang (3.4%), and Chong Won-sik, former prime minister (3.1%). Thus, they effectively echoed all the names of DLP and opposition figures being discussed in the media.

Especially, in this part of the survey, Hwang san-song was only next to Pak Chan-chong. Noteworthy is the finding that he is drawing more attention than DP politicians whose candidacies are being rumored or who have already announced their candidacies. However, to the same question, 60.7% answered "I don't know any," presenting a marked contrast to the high level of knowledge about the election itself.

When they were shown a prepared list of expected candidates, the percentage of positive response jumped. Based on media reports and rumors circulating in political quarters, SISA JOURNAL had prepared a list of ten persons "likely to be candidates"—from the ruling camp: Kim Tok-yong, Chong Won-sik, Ko Kon, Yi Hoe-chang, and from the opposition: Chong Tae-chol, Yi Pu-yong, Hong Sa-tok, Pak Chan-chong, Cho Se-hyong, Yi Chol. The respondents then were asked to pick one each for the ruling camp and the opposition (items 6 and 7 of the questionnaire).

Then, 39.6% named Yi Hoe-chang and 46.1% Pak Chan-chong as "best qualified" to be candidates for the ruling and opposition camps respectively (Table 3). Apparently, the reason Yi Hoe-chang—who was once the center of a "resignation or dismissal" controversy as prime minister—was picked is that he was the leading figure in the powerful drive of audit, inspection, and reform that won the Kim Yong-sam government high approval ratings in its initial days. The finding is also indicative of pressure brought on the present regime by the resignation of Yi Hoe-chang, the symbol of reform, as prime minister, and of the public's nostalgia for "a man of conviction rarely seen in the ruling camp." In a characteristic development, Yi Hoe-chang received more votes from those more inclined to the opposition than to the ruling camp; with Pak Chan-chong, it was vice versa (Table 3-1).

This result can be explained only by the fact that both Yi Hoe-chang and Pak Chan-chong are better known for their personal images than their political affiliations. In other words, compared with other potential candidates, their party images seem to be less of a factor. At the same time, the finding somewhat backs up the joke popular in political quarters that Yi Hoe-chang will have a better chance of being elected if he runs in the opposition. Another point that should not be overlooked is that since the political parties have as yet made no specific moves and the full-swing race is yet to come, the individual's personal image is working as a far more powerful factor than his weight and power in the party.

At any rate, very interesting is the finding that the two with their unique images—Yi Hoe-chang as "a man of conviction rarely seen in the ruling camp," and Pak Chan-chong as "a lone wolf belonging to the opposition but aloof from its trends"—are favored most as potential candidates for their respective political camps. Of the 713 respondents (not counting those saying "not sure"), 210 picked Yi Hoe-chang for the ruling party and Pak Chan-chong for the opposition. This means that one in every 3.4 persons chose the Yi Hoe-chang vs. Pak Chan-chong card.

Pak More Popular, Yi More Functional

The poll also found Yi Hoe-chang and Pak Chan-chong taking the first and second places alternatingly in other categories, too. In the category of most-favored potential candidate regardless of the party affiliations, Pak Chang-chong led with 30.0%, followed by Yi Hoe-chang, 20.5%; Hong Sa-tok, 10.1%; Ko Kon, 6.6%; Chong Won-sik, 6.2%, and Chong Tae-chol, 4.3% (Table 2). In the DP, No. 1 opposition party, Rep. Hong Sa-tok was found leading others who had announced their candidacies. Hong has not yet announced his candidacy. Those close to him are optimistic about his grass-roots popularity and their judgment is that he can wait until the conclusion of the regular National Assembly session to begin his move. So, he is said planning to announce his candidacy early next year.

In the "candidate most likely to be elected" category, the poll found Yi Hoe-chang substantially ahead of others with 20.3% (Table 2). In this category, only 17.9% picked Pak Chang-chong, in contrast to the highest percentage of vote (30.0%) he won in the "best qualified" category. What does the differential of 12.1% between the two categories in his case mean? Back in the 14th presidential election, too, Pak Chan-chong's performance was far below what had been expected from the preelection polls.

The gap between the popularity and the predicted chance of being elected can be explained from a variety of angles, including voter psychology against wasted votes, "experience-based" skepticism about a minority party candidate, and the possibility of the support for Pak Chan-chong being not necessarily solid enough to make voters positively cast their ballots for him. It is because of this gap, a stark reality, that Pak Chang-chong's popularity is referred to as a "bubble" in political circles.

However, one cannot rule out the possibility of the gap being substantially narrowed if he runs as the candidate of the merged opposition forces, not of a single opposition party. Conversely, if he runs as an opposition candidate outside the DP before an opposition merger is carried out, it will at least split the votes for the opposition considerably.

After all, in a nutshell the ruling party stands a fair chance of winning only when it succeeds in blocking a merger of the opposition forces. When talks of a merger of the DP and the Sinmin Party and rumors of a bargain over the Seoul mayor's post began spreading early this month, it severely strained the DLP leadership awhile. All that apparently was because of "the Pak Chan-chong factor." Inasmuch as the possibility still remains of an opposition merger, "the Pak Chan-chong card" is not a dead card yet.

Meanwhile, the poll found that Yi Hoe-chang has a better chance of success than any of the opposition's six potential candidates. Based on this finding, the opposition may conclude for now that Yi Hoe-chang is the man it should keep its eyes on.

In the view of political circles, the possibility of the ruling party endorsing Yi Hoe-chang is near zero at the moment. Key DLP officials think that while in office, he was preoccupied with care for his own image, hurting the ruling party's teamwork and doing the president a disservice. After he was abruptly replaced as prime minister, he and President Kim occasionally met for lunch together or things like that. They seem to have somewhat mended their relationship but it is difficult to think that the breach between them has been patched up completely.

Nonetheless, realistic voices have been heard for sometime now in Chongwadae and in a section of the ruling camp that "for a candidate capable of being a match for the opposition, we simply have no one but Yi Hoe-chang." Consequently, the possibility cannot be ruled out of Yi Hoe-chang's being picked as "the last card" so as to avert the worst possible situation—a Seoul mayor from the opposition. However, even if the DLP leadership should offer endorsement, no one knows if Yi Hoe-chang will accept it readily. He left on a U.S. visit late last month and is expected to return in the middle of this month.

"A Post More Powerful Than Prime Minister"

The Seoul mayoral election next year will be the first in 35 years. The term of the mayor publicly elected in 1960 was so short that it is practically the first since liberation. What is the voter view of this election? And of the Seoul mayor's post itself?

Residents expect that the mayor of Seoul will have more influence than the prime minister, the No. 2 man of the central government. Asked "which do you think will have more influence in government, the publicly elected Seoul mayor or the government-appointed prime minister?" 49.6% answered "Seoul mayor," 43.1% "prime minister," and 3.4% "much the same." This means that 53% or more than a half of the polled think that the Seoul mayor is more influential than, or at least as influential as, the prime minister. And a closer look at their responses indicates that college graduates (54.1%), professional managers (55.1%), and people in their forties (55.8%) give the Seoul mayor's influence a higher estimate than people of other strata or age brackets do.

Political circles, academicians, and bureaucrats are divided in their estimates of the influence and prestige that the Seoul mayor's post is expected to carry. Some say that the Seoul mayor will be No. 2 man both in name and reality and only next to, or a rival of, the president, while others argue that the post will not carry as much power as thought because of actual restrictions and limitations.

Depending on who is elected to it, which faction he belongs to, and on what sort of leadership he has, the influence of a post varies. So, it might be impossible to define how influential the Seoul mayor's post is.

Despite such differences in perception, administrative experts largely agree that the post will carry greater influence and weight than normally expected of the head of a local government.

Kim Kwang-ung, political science professor at Seoul National University, observed that "for the density of population, industries, information and financial institutions, a publicly elected Seoul mayor will take on the prestige of 'the president of the Republic of Seoul,' even with his party position not taken into account. Even in the case of a mayor from the ruling camp, he will indeed be reading the president's mind and obedient to the government at the beginning; however, he will soon become conscious of the next election and his electoral turf and inevitably develop a sense of rivalry against the president."

In case an opposition candidate is elected, the political impact would be far more devastating to the government, and rivalry with the administration would increase in intensity, according to the general observation. Analysts also say that as it is inevitable for a mayor from the ruling camp to gradually free himself from restrictions imposed by the central government and go on his own in the interest of his electoral turf, a mayor from the opposition will from time to time find himself in a situation where he has to strike a compromise with the central government under the pressure of actual restrictions and limitations.

Will the mighty post of Seoul mayor prove to be "a stepping stone to the presidency" as is often said in political quarters? Of the respondents, 64.2% or more than half were found skeptical of the "possibility of the Seoul mayor's post serving as a stepping stone to the next presidency." Only 25.7% were affirmative on the possibility. This shows that political circles and media differ with the general expectation on this point.

If a conclusion is to be drawn from this finding alone, it could be that the voters in general do not see a Seoul mayor as a potential future president. However, since it is not clear whether the respondents took "the next presidency" in the questionnaire as meaning candidacy in the 1997 presidential election or in the next next presidential election, we apparently should refrain from forming a hasty conclusion. If they took it as meaning the 1997 election, negative responses would naturally be high in percentage because that presidential election is held during the tenure of the newly elected mayor. If so, it can hardly be said that the respondents even denied the possibility of the Seoul mayor's post serving as "a stepping stone to the presidency in the future."

Table 1. Question: "Do you know that the Seoul mayoral election is being held in June next year?"

Answers: "I know" 64.6%; "I didn't know" 35.4%

Table 2. Potential Candidates' Popularity, Chances of Success

Name	"Best Qualified"	"Likely To Be Elected"
Pak Chan-chong	30.0%	17.9%
Yi Hoe-chang	20.5%	20.3%
Hong Sa-Tok	10.1%	5.8%
Ko Kon	6.6%	5.4%
Chong Won-sik	6.2%	6.3%
Chong Tae-chol	4.3%	2.8%
Yi Chol	3.6%	2.6%
Kim Tok-yong	3.4%	3.1%
Yi Pu-yong	3.4%	1.9%
Cho Se-hyong	1.7%	1.2%

Table 3-1. Voter Preference Between Yi Hoe-chang, Pak Chan-chong

By Preferred Party

Party	Yi Hoe-chang	Pak Chan-chong
DLP	32.1%	48.7%
DP	41.5%	40.7%
Sinmin	57.4%	54.4%
Other	50.0%	60.0%
None	40.4%	60.0%

By Party Voter Voted for in the 14th Gen. Election

Party	Yi Hoe-chang	Pak Chan-chong
DLP	34.8%	47.3%
DP	39.0%	42.4%
National	44.4%	46.6%
Didn't Vote	44.4%	46.6%

By Party Voter Wants To Win

Party	Yi Hoe-chang	Pak Chan-chong
Ruling	38.6%	51.2%
Opposition	42.9%	43.9%
Either Party	40.7%	46.9%
Not sure	32.7%	39.3%

How the Survey Was Conducted:

Objects: men, women of age 19 or higher residing in Seoul
Size of sampling: 1,014 persons (effective sampling)
Data gathering method: telephone interview by prepared questionnaire
Sampling method: systematic sampling using telephone numbers; final selection by quota sampling based on population ratio
Time: 3, 4 September 1994

The Questionnaire Text:

1. Gubernatorial and mayoral elections are scheduled to be held next year. Do you know that an election for Seoul mayor by public vote is scheduled to be held in June next year? (Table 1)

2. What do you think is the most urgent task for the Seoul mayor being elected in this election?

3. Who are being rumored to be running in this election. Please give us the names as you know them.

4. Of the following categories, which do you think is best suited for a Seoul mayor? 1) Ex-bureaucrat having much administrative experience like former prime minister or minister; 2)member of the National Assembly having served in various party and parliament posts; 3) professional manager with experience in leading business firms successfully; 4) social activist having greatly contributed to social development; 5) person known for accomplishments in literature and art like poet, novelist; 6) "not sure"

5-1. Which do you think is better, having ruling party candidate elected or opposition candidate? (In case of "either party" or "not sure":) In your feeling, which will be better—even a little?

5-2. What makes you think so?

6. Currently, the names of Kim Tok-yong, Chong Won-sik, Ko Kon, and Yi Hoe-chang are being mentioned as potential candidates of the ruling camp. Of the four, who do you think is best qualified for Seoul mayor? (Table 3)

7. In the opposition's case, they are Chong Tae-chol, Yi Pu-yong, Hong Sa-tok, Pak Chan-chong, and Cho Se-hyong. Of these six persons, whom do you think is best qualified? (Table 3)

8. (Only when the respondent gave a name each in both 6 and 7 above:) Which do you think is better for Seoul mayor, Mr so-and-so of the ruling party or Mr such-and-such of the opposition? (Table 2)

9. Then, regardless of your preference, which do you think is more likely to be elected, Mr so-and-so (ruling party candidate) or Mr such-and-such (opposition candidate)?

10-1. Some think that the Seoul mayoral election next year should be seen as an interim evaluation of the Kim Yong-sam government's performance; others do not think so. Which side are you closer to?

10-2. Some say that there is the possibility of the elective Seoul mayor post serving as a stepping stone to the next presidency. What is your view?

11. Which do you think will have more influence in government, the publicly elected Seoul mayor or the government-appointed prime minister?

12. At the time of the Seoul mayoral election, ward chiefs will also be elected simultaneously. Some say that Seoul mayor and ward chiefs should be elected from the same party for smooth city administration, while others say they should come from different parties to prevent a one-party rule. Which side do you support?

13-1. Did you vote in the 14th National Assembly election?

13-2. (In case you did:) For which party's candidate did you vote?

Article Analyzes Poll Results

952C0019B Seoul SISA JOURNAL in Korean 22 Sep 94 pp 20-21

[By reporter Mun Chong-u: "The Opposition Cannot Lose Should It Run a Single Candidate"]

[FBIS Translated Text] **The poll shows strategy to be followed. The DLP should focus on the administrative ability issue and the DP on a political offensive.**

As the Seoul mayoral election draws closer, both the ruling and opposition camps are expected to take pains over the candidate selection and campaign strategy. Noteworthy, therefore, are the results of the latest SISA JOURNAL poll. It found the support for ruling party candidate and opposition candidate at 33% and 38% respectively, the rating for the opposition showing a slight lead, while 29% responded "about the same" or "not sure."

The respondents' party support in the 14th general election were: 43.3% for DP, 32.8% for DLP, 5.6% for the National Party, and 0.6% for the Sinjong Party. Generally, the poll found the support for a ruling party candidate being about the same as in the 14th general election but that for an opposition candidate having declined. In other words, the gap in the voter support has narrowed.

If the outcome of the 14th general election is repeated, the DP can definitely win even if it runs its own candidate; however, things have changed considerably. The poll found that unless the DP runs a candidate of its own with enough voter attraction or agrees to a single candidate for a united opposition camp—the DP is yet to decide on this matter—it will have to face a markedly steep uphill battle.

In the DLP's case, its support ratings have not improved at all since President Kim Yong-sam took office, a fact that is expected to work as a big pressure. Suppose the ratings for the DLP rose somewhat when President Kim's popularity reached a peak in the first months of his administration, and it should be said that they are on the decline now as the approval ratings for the president are on the downturn. Then, there is no telling how much more the support for the DLP will shrink by the election time which is still 10 months off. The point is that the DLP, too, can hardly expect to win unless it comes up with a candidate who can captivate the voter's heart. Even if it does, it stands little chance of winning if a united opposition camp runs a single candidate.

In the survey, ruling party supporters cited—as the reason for their support of a DLP candidate—stability of city administration (36.4%), trustworthiness (13.3%), and show of leadership in national government (12.3%). As for opposition party supporters, they cited, as their reason for supporting an opposition candidate, checks and balances with the central government (27.6%) and possibility of governmental reform (14.5%). This indicates that there is a distinct difference in perception between ruling party and opposition supporters over the coming election. For Seoul mayor, ruling party supporters expect a person of noble character capable of backing up the Kim Yong-sam administration and ensuring smooth city management, while opposition supporters' desire is a strong opposition leader who can check a one-man rule of President Kim. This means that opposition party supporters are much more political in their perception.

How did the respondents view the nature of the election? More than a half of them or 53.4% saw it as an interim performance rating on the Kim Yong-sam government, against 40.7% who did not see it that way. Of DP supporters, 62.6% saw it as such.

It is interesting that an absolute majority of the polled showed a preference for a nonpolitical personality for Seoul mayor. Their responses to the question "which category of person do you think is best suited for Seoul mayor?" were: social activist (33%), ex-bureaucrat (30%), parliamentary member (16%), professional manager (15%), and writer or artist (2%). This means that 80% picked a nonpolitical personality. Especially, in the case of DLP supporters, the largest number of them or 38.1% preferred an ex-bureaucrat. With opposition supporters, too, only 19.9% of them picked a parliamentary member, showing an unexpectedly low preference for a politician.

This precisely reflects the anguish of both the ruling and opposition camps. In the DLP's case, it stands little chance of winning if its endorsement should go to a politician. It is because an absolute majority of DLP supporters favor a nonpolitical personality for its candidate. If it runs a politician, it could in effect contribute to the solidarity of supporters of the opposition, which is already touting the political significance of the election. Still, the DLP finds itself not ready to pick an ex-bureaucrat.

A majority of the polled attach political importance to the coming election. So, should the DLP run an ex-bureaucrat for its candidate, it could give an impression that it is evading the issue. The candidate's vote-getting ability is another problem. It has no qualified candidate as yet whom it can endorse readily. The DLP has to find a candidate administratively able and at the same time politically capable of waging a campaign meeting the opposition's offensive challenge head-on. It is no easy task. The survey found that DLP supporters have their eyes on former Prime Minister Yi Hoe-chang, who turned his back on President Kim Yong-sam and quit as prime minister, as a candidate best suited for the ruling party, and this fact alone shows how severe a drought of qualified candidates the DLP is experiencing now. Anyhow, if the DLP is to have a chance of winning, it apparently has to endorse a candidate with both qualifications, administrative ability, and reformist quality.

As for the DP, a voter distrust for politicians is the pressure. The poll found even DP supporters skeptical of the wisdom of electing a politician to the Seoul mayor's post. But the intraparty situation does not permit the DP to endorse a nonpolitical figure for its candidate. So many influential members are on the run already. If it finds it difficult to endorse a nonpolitical personality, the DP should turn the election thoroughly into a political showdown. It should continue to feature the election as an interim evaluation of and a check on the Kim Yong-sam government, focusing on solidarity among supporters of the opposition. As the ruling camp is compelled to get the Uruguay Round accords to be ratified by the year end, the opposition could, for instance, exploit this situation to drive the DLP to the wall. A merger of the opposition camp could add fuel to the political flame of the coming election.

Temper of "Shrewd Seoulites" Another Factor

The respondents in the survey clearly displayed their propensity for separate votes, with 66.3% of them saying that mayor and ward chiefs should be elected from different parties to "prevent a one-party rule." This suggests that "checks and balances" can be an effective campaign strategy. To stretch it, "President from the DLP, Seoul Mayor from the Opposition" can be an effective campaign slogan. The opposition should make efforts to develop this type of campaign; conversely, the DLP endeavors to develop its campaign countering it.

Asked to name the pressing task for the publicly elected Seoul mayor to deal with, 60.3% of the polled cited easing of traffic congestion, 18.2% environmental improvement, 7.1% housing and welfare improvement, and 6.3% price stability. Seoul city officials boast that whoever comes up with specific plans to resolve Seoul's big three problems—traffic, environment, and housing—will be elected, be it a politician or an ex-bureaucrat.

Whoever their candidates may be, and whatever campaign strategy they come up with, both the ruling and opposition parties should also put as much energy into developing their policies. In a nutshell, the temper of the "shrewd Seoulites"—who would vote for a candidate only when they are sure there will be a reward for it, even a grain of rice—will work as a factor that cannot be ignored in the coming election.

Hyundai Motor Reaches 1 Million Units Mark

SK2511112894 Seoul YONHAP in English 1027 GMT 25 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 25 (YONHAP)—Hyundai Motor turned out just one million automobiles as of Friday this year, the company reported.

Of the one million produced so far, 662,500 or 66 percent of the total were locally marketed while the remainder were exported.

By model, the total broke down to 233,500 Elantras, 207,500 Sonata II's, 149,900 Accents, 122,400 Excels, 37,800 Scoupes, 29,300 Grandeurs and 8,600 others.

Of the total, 789,000 vehicles were cars and the remaining 211,000 were trucks, buses and special-purpose vehicles, it said.

The company said it attained the 1-million-unit production in 27 years after its founding in 1967. Toyota Motor Co. of Japan took 34 years to reach the 1 million units a year and Nissan 30 years.

Hyundai Motor expects to turn out 1,150,000 vehicles—910,000 cars and 240,000 others—by the end of this year, the company said.

The company plans to build a 2-million-unit capacity plant near Asan along the west coast with an aim to uplift itself into one of ten major auto producers in the world in the 2000s, it added.

Burma

Khin Nyunt Denies Germ Warfare Reports

BK2511165594 Rangoon Radio Myanmar in Burmese 1330 GMT 25 Nov 94

[FBIS Translated Excerpt] The closing ceremony of the Special Refresher Training Course No. 12 for basic education teachers was held this afternoon at 1300 at the Central Training Hall of the Central Institute of Public Services in Hlegu township. Lieutenant General Khin Nyunt, chairman of Myanmar [Burma] Education Committee and secretary-1 of the State Law and Order Restoration Council [SLORC], attended and delivered an address.

Lt. Gen. Khin Nyunt explained that when the SLORC began to take over the responsibilities of the state, the country was deteriorating in all ways. There was no law and order, anarchy was setting in, no administrative machinery was functioning, and transportation was at a standstill. The redemption from this disastrous situation within a short period and the widespread regional peace and tranquility, safe and smooth transportation, and the function of a right administrative machinery is an undeniable truth. The government has taken steps nationwide for regional development while striving for national economic development. Just as plans are being implemented for the country's economic development, the economy is also improving year after year. But, unscrupulous elements who do not wish to see Myanmar prosper and some insurgent organizations have criticized the sincere voluntary services of the local populace for regional development as forced labor. They are still engaging in spreading widespread fabrications. Khin Nyunt noted there are some human rights organizations that are agitating insurgent organizations and the expatriates and considering the news supplied by them as genuine, are sending facts and figures to world organizations. Moreover, some so-called reporters, who do not practice journalism ethics, are acting as if they are the insurgents' representatives. They are also profiting by writing related reports. He remarked that most people will know about the exploitation of these unscrupulous elements who cannot not bear to see Myanmar prosper, and whose exploitation will only affect the Myanmar people. Conspired collectively, Khin Nyunt said, such fabrications would certainly mislead those who have not been to Myanmar and have no knowledge of the country, its culture, traditions, and customs.

Continuing, he noted that Professor Yozo Yokota, the representative of the UN Human Rights Commission; Mr. Thomas Hubbard, the U.S. deputy assistant secretary of State for East Asia and Pacific affairs; Mr. David Dain, the deputy assistant secretary of the British Foreign Office for South and Southeast Asia; and Mr. Rafeeuddin Ahmed, special representative of the UN secretary general and the UN under secretary general, came with preconceived ideas to verify the fabricated news. He explained that during their visits to Myanmar they studied and acquainted themselves with SLORC efforts for state development, the national aims and conceptions, endeavors for the non-disintegration of the union, strengthening of national solidarity, and the reality. He said it was only then that they realized the false allegations made by some unscrupulous elements.

The secretary-1 next explained that one broadcasting station is spreading fabricated news that the government is trying to liquidate some national races by using biological and chemical weapons. He noted although one member of parliament said there is some circumstantial evidence, an official study group verified that there was no substantial proof. Khin Nyunt remarked although it is very hard to say what their motives are, it is clear they are fabricating news. He noted it is another ploy used by unscrupulous persons when their allegations on human rights abuses, suppression of democracy, and forced labor have not been effective and they are unaware of the gentle traditions and the sila [commandments]—thou shall not kill—of the Myanmar people. In fact, the Myanmar people are considerate and helpful. He noted those who know the Myanmar people and the very nature of the Myanmar people will in no way believe these allegations. He said these explanations are to clarify the position of Myanmar and for the teachers to enable them to clarify the details to their students and to the people of the locality concerned.

He explained, at a time when efforts are being made to turn Myanmar into a peaceful, developed, and modern nation, the teachers should also help in wiping out the enemies of the nation. He called on them to lead youths to participate in the national movement of the Union Solidarity and Development Association [USDA] which has been formed as a national force for youths to use their abilities beneficially in nation-building tasks. He finally urged teacher trainees to strive for the success of the national education policies and to guide student youths to play their part and put their efforts for the emergence of a firm and enduring state constitution, which is a national duty, and for the success of the aims and objectives of the USDA. [passage omitted on award ceremony]

Agreement Signed To Buy Vessels From PRC

BK2611163794 Rangoon Radio Myanmar in Burmese 1330 GMT 26 Nov 94

[FBIS Translated Text] The Inland Water Transport [IWT] of the Ministry of Transport and the Machinery Import and Export Corporation [MIEC] of Yunnan Province, PRC signed an agreement on purchasing vessels under a U.S. $40 million long-term loan system at a ceremony held at the IWT Headquarters' Meeting Hall on Pasodan Road at 1400 today.

The signing ceremony was attended by Lieutenant General Thein Win, minister of transport; Brigadier General Win Tin, minister of finance and revenue; Brig. Gen. Myo Thant, minister of information; U San Wai, deputy minister of transport; Mrs. Chen Baoliu, ambassador of the PRC; heads of departments of the IWT; U Hla Min, managing director of the IWT, and responsible personnel; responsible personnel of the PRC Embassy; Mr. (Wu Wan Qan), chairman of the MIEC, and responsible; and specially invited guests.

Transport Minister Lt. Gen. Thein Win, Chinese Ambassador Mrs. Chen Baoliu, IWT managing director U Hla Min, and MIEC Chairman Mr. (Wu Wan Qan) gave a speech at the signing ceremony.

Next, IWT managing director U Hla Min and MIEC Chairman Mr. (Wu Wan Qan) signed and exchanged the agreement on purchasing the vessels The signing ceremony ended at 1500.

Transport Minister Lt. Gen. Thein Win hosted a dinner in honor of MIEC Chairman Mr. (Wu Wan Qan) and his party at Karaweik Hall. The dinner was attended by Lt. Gen. Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC]; Lt. Gen. Tin U, secretary-2 of the SLORC; Information Minister Brig. Gen. Myo Thant, Deputy Transport Minister U San Wai, Chinese Ambassador Mrs. Chen Baoliu, senior departmental officials of the Ministry of Transport, responsible personnel of the PRC Embassy, and specially invited guests.

Delegates Discuss Legislative Proposals

BK2611095994 Rangoon Radio Myanmar in Burmese 1330 GMT 25 Nov 94

[FBIS Translated Text] A meeting of the National Convention delegate group representing other invited persons was held at Meeting Hall No. 2 at 1000 today. At the meeting, Dr. Tin Tin Mun, chairman of the Central Myanmar [Burmese] Maternal and Child Welfare Association; read, discussed, and submitted a collective proposal on the legislative chapter, that is to be included in drawing up a constitution, by Dr. Tin Tin Mun and U Saw Hla Tun, a teacher from Chaung-U Township, Sagaing Division; and on behalf of U Yan Moe Ahn, U Yan Kyar Kwei alias U Khin Maung San read, discussed, and submitted the proposal of Special Region-1 in Northern Shan State on the legislative, executive branch, and the judiciary chapters. Following a closing speech by the alternate chairman, it was decided to hold the next group discussions at 1000 on 28 November. The meeting ended at 1100.

A coordination meeting of the Panel of Chairmen representing the political parties' delegates group was held at Meeting Hall No. 5 at 1000 today. At the meeting, the proposals presented by the political parties were read, scrutinized, coordinated, and deliberated until 1400.

A meeting of the representatives-elect delegates group was held at Meeting Hall No. 4 at 1000 today. At the meeting, U Thein Tun, representative of the National Unity Party [NUP] from Constituency-2, Ingabu Township, Irrawaddy Division, read, discussed and submitted a proposal on the legislative chapter, that is to be included in drawing up a constitution, by the NUP representatives. Next, the political parties and independent representatives presented the dates on which the proposals on the legislative chapter, that is to be included in drawing up a constitution, are to be submitted to the Panel of Chairmen. The respective personnel announced that a proposal of the representatives-elect of the Shan Nationalities League for Democracy is to be submitted to the Panel of Chairmen on 30 November; a collective proposal of U Yankyin Maw, representative-elect of the Shan State Kokang Democratic Party from Kunlong Township Constituency in Shan State; Dr. Hmu Tang, independent representative-elect from Thangtlang Township Constituency, Chin State; and U Tun Kyaw, independent representative-elect from Namhsan Township, Shan State, is to be submitted to the Panel of Chairmen on 30 November; a proposal of the Mro or Khami National Solidarity Organization is to be submitted to the Panel of Chairmen on 30 November; and a proposal of U Htaung Kho Htan, independent representative-elect from Tamu Township Constituency, Sagaing Division, is to be submitted to the Panel of Chairmen at the end of November. After that, U Hla Maung, independent representative-elect from Kya-in Seikkyi Township Constituency-1, Karen State; and U Aung Thein, independent representative-elect from Ywangan Township Constituency, Shan State, submitted their proposals on the legislative chapter to the Panel of Chairmen. Following a closing speech by the alternate chairman, it was decided to hold the next coordination meeting of the Panel of Chairmen of this delegates group at 1000 on 30 November. The meeting ended at 1050.

Brunei, Malaysia & Singapore

Malaysia

Minister Opposes UN Troop Pullout Proposal

BK2711062394 Kuala Lumpur RTM Television Network 3 in English 1430 GMT 26 Nov 94

[FBIS Translated Text] Malaysia does not agree with Britain's proposal that the United Nations should withdraw its peacekeeping forces from Bosnia. British Prime Minister John Major had said earlier that UN troops should pull out if no solution could be found to end the fighting over there.

Foreign Minister Datuk Abdullah Ahmad Badawi said such a move will reflect poorly on the world body. Datuk Abdullah said the United Nations as a great power should not admit defeat and wash its hands of any responsibility in finding a peaceful solution to the problem. He said such a move might encourage others to undermine the sovereignty of nations knowing that the United Nations will not do anything. Efforts to find a peaceful solution to the Bosnian problem should continue and the international community should demonstrate their ability in ensuring peace there. He also reminded the big powers that they had a major responsibility to resolve the Bosnian issue.

Minister Doubts Sincerity of APEC Members

BK2311131394 Kuala Lumpur NEW STRAITS TIMES in English 22 Nov 94 p 16

[FBIS Transcribed Text] A number of Asia Pacific Economic Cooperation (Apec) member countries are merely paying lip service to the agreement for a free trade area in the region by the year 2020, International Trade and Industry Minister Datuk Sri Rafidah Aziz said yesterday.

Malaysia may be the only country that was open and vocal in its opposition to the Eminent Persons Group's (EPG) report proposing a free trade area, but the others raised their objections behind closed doors.

Speaking at the 1994 Malaysia Summit Meeting in Kuala Lumpur yesterday, Rafidah said some had even privately told her that such a free trade area was not viable.

"In fact, Hong Kong also supports a free trade area in the Asia Pacific by the year 2020. How can Hong Kong commit itself to such an arrangement after 1997?

"This just goes to show how much lip service is being paid."

Leaders in the Apec forum at their informal gathering in Bogor, Indonesia, earlier this month agreed to a free trade arrangement in the region by the year 2020. Malaysia expressed its reservation, which was contained in the annexure to a statement issued at the end of the meeting.

Many members are aware that the 18 member nations are very diverse and are at different levels of development and a free trade area within a specified time frame cannot be done.

On whether the United States will be able to ratify the Uruguay Round agreement to pave the way for the setting up of the World Trade Organisation end of the year, she said:

"I think they will come aboard soon. They usually like to do things at the eleventh hour. They will most probably ratify the agreement."

Singapore

Military Exercise With Indonesia Ends 26 Nov

BK2711085994 Singapore Radio One in English 1400 GMT 26 Nov 94

[FBIS Transcribed Text] The bilateral land exercise between the Indonesian and Singapore Armed Forces will be expanded next year to include troops participation.

Speaking at the close of the sixth exercise in Bandung today the SAF [Singapore Armed Forces] Chief of Army, Major General Lim Neo Chian, said this reflected the level of trust and confidence between the sides.

Since 1989 the Safkar Indopura series have progressed from a map planning exercise to computerized war games. Gen. Lim added that the exchanges would also deepen mutual understanding and this was important for continued peace and stability in the region.

Cambodia

Khmer Rouge Denies Killing Thai Loggers

BK2511150794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 25 Nov 94

["Rejection and Clarification of the National Army of Democratic Kampuchea on the so-called Report That the Khmer Rouge Killed Thai Loggers in Preah Vihear Province"—dated 24 November]

[FBIS Translated Text] I. The British news agency REUTERS has reported that on 24 November 1994 the Khmer Rouge abducted 30 Thai nationals and demanded a ransom of $200,000 dollars, or the equivalent of 5 million Baht. The Thais did not have the ransom and the Khmer Rouge gunned down 25 of them. The other five escaped. One reached Bangkok and told newspapers about this event.

II. The National Army of Democratic Kampuchea [NADK] would like to immediately and categorically reject this cheap, fabricated, and deceitful story.

III. The NADK would like to once again stress that:

1. From the beginning, Democratic Kampuchea and the NADK, particularly since 1979 when communist Vietnam and its puppets and lackeys expanded their territory and exterminated the Cambodian race, the Royal Thai Government and people as well as countries and people in ASEAN and the world, have stood on the side of justice and on the side of Cambodia, the victim, against the communist Vietnamese aggressors. Democratic Kampuchea and the NADK, like the Cambodian people, have profusely thanked the Royal Thai Government and the Thais and have always respected Thailand's sovereignty, firmly and consistently.

This is the ethic of Democratic Kampuchea, the NADK, and the Cambodian people, and benefits the struggle to save the Cambodian nation and people. This is a fact and it is clear. The Thai people and its officials, whether civilian or military, particularly those along the Thai-Cambodian border, are fully aware of the ethic and the conduct Democratic Kampuchea, the NADK, and the Cambodian people for the past 15 years.

2. However, during the past 15 years, who has done things to affect the sovereignty, peace, and security of the

Thai people along the border adjoining Cambodia? It is the communist Vietnamese aggressors in Cambodia. They have threatened Thailand's territory and eastern border. It is the communist Vietnam's puppets, namely Chea Sim, Hun Sen, and Heng Samrin as ringleaders, who do what their masters say. They have repeatedly violated Thailand's eastern border. They have repeatedly robbed the Thais living in areas adjoining the Cambodian border. The puppets of communist Vietnam rob the Thais everywhere of their property, gold, and silver, and the means [words indistinct] of the Thais day and night. They have constantly killed Thais.

3. Communist Vietnam, the communist Vietnam's puppets, and later, the two-headed government and the villainous allies led by the United States and Australia, have instigated all sorts of things to pressure Thailand in every way. They have even insanely slandered and insulted the Thai army, the Royal Thai Government, and even Thailand and its people. Furthermore, they have collaborated to pressure Thailand to allow the United States to set up arms stockpiles in the Gulf of Thailand and military bases on Thai territory. The pressure has been directly applied on Thailand by U.S. President Clinton and Secretary of State Warren Christopher.

However, these dirty activities have been successively and shamefully defeated because Thailand has opposed them. Other countries in ASEAN have also opposed U.S. military bases in the waters and terriroty of ASEAN countries because this is completely against peace, which is present now, and where regional peace and security are being expanded and consolidated. There is no reason for the United States, Australia, and their accomplices to bring in weapons and ammunition for stockpiling in this region and to kindle war again to destroy its peace and security.

IV. The allies and the two-headed government in Cambodia in particular have been dealt serious and repeated blows on various battlefields, especially at Preah Vihear over the past two weeks. For Preah Vihear Province, the allies and the two-headed government have made plans to launch a large-scale offensive to seize the Preah Vihear temple. They say they will completely destroy the Khmer Rouge in the province and fully control it.

The offensive against the people and the resistance began in early November 1994. However, it was soon dealt serious blows. This defeat has two major aspects. First, the military aspect and second, the economic and financial aspect. This is the logging plan of the two-headed government, Hun Sen, Ranariddh, Sar Kheng, and the commanders, lackeys of communist Vietnam and the alliance, namely Tea Chamrat, Tie Banh, Pol Saroeun, Ke Kimyan, Nhoek Bunchhai, Khan Savoeun, Prum Samen, and so on, to get hundreds of millions of baht. These guys have colluded to cut down and sell trees in Preah Vihear Province. According to their plans, the logging would bring in between 500 and 600 million baht in one or two months. Trees are felled in Chhep and Choam Khsan Districts in Preah Vihear Province along the Cambodia-Thailand-Laos three-border junction.

It is the Defense Ministry of the communist Vietnam's puppets who is directly in charge of this plan. These men are all from the army of the communist Vietnam's puppets. The workers are from the Defence Ministry. The technicians are from the Defence Ministry, and the ones in charge of money are also from the Defence Ministry. They need to have troops and weapons. On the one hand, these are for attacking the resistance forces and the people, and on the other, they are to protect the logging business. These guys have agreed to share 80 percent of the money among themselves. The remaining 20 percent will be used to buy rice and gasoline for their soldiers to fight and seize the Preah Vihear temple and province.

However, this half-military and half-economic-financial plan has been dissolved because the people and the resistance forces have dealt successive blows to it. This is a recurrent failure and a serious defeat for the two-headed government, particularly for the Defense Ministry of the communist Vietnam's puppets and the commanders of the communist Vietnamese.

V. This is why the two-headed government and the commanders, puppets of the communist Vietnamese are very angry. The U.S.-Australian alliance are also angry over this defeat. They are therefore working together to practise their enduring principle of: When defeated, ways should be found to insult and blame others. They have done this continually. The more defeats they suffer, the more insults they hurl. The two-headed government has loudly insulted others and the alliance is doing the same.

VI. This is why the two-headed government, communist Vietnam, and the allies have made up this story to accuse the Party of Democratic Kampuchea and the NADK of killing Thai loggers in Preah Vihear Province.

People can ask: Who is staging this? Who is reporting this story to the newspapers? What news agencies are disseminating this story? These are questions that will help people realize that this is a theatrical performance and a plan to pit the Party of Democratic Kampuchea and the NADK directly against Thailand. People ask: Is this not a story made up to create a (?confrontation) between Democratic Kampuchea and Thailand? Is this not a story made up after the United States and Australia have insanely accused Thailand, and after Thailand has exposed this accusation? Is this not a story made up after U.S. President Clinton and Secretary of State Warren Christopher failed to pressure Thailand to have the weapons stockpiles on Thai territory?

Chess players call such a game a double or triple-level maneuver to achieve victory. The people compare such a game to the trick of someone facing an impasse. Even children know this trick. Immediately after this trick is played, it is immediately exposed. In fact there are no double or triple levels. Everyone knows this. On 22 and 23 November 1994, Pol Saroeun and Nhoek Bunchhai, communist Vietnam's puppets at the Defense Ministry, spoke in Vietnamese with (On Muni) in Preah Vihear Province and those at the three-border junction. They talked at length in Vietnamese about staging this theatrical performance with their agent named (Manunh) on the other side and to get this (Manunh) to disseminate this story.

24 November 1994
The NADK

KR Comments on Government Buying Tanks, Planes

BK2711161594 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 27 Nov 94

[Unattributed commentary: "Idiotic Tie Banh Arrogantly Announces That the Two-Headed Government Has Bought 100 Tanks from Czechoslovakia and Warplanes from Israel To Protract War To Kill the Cambodian People"]

[FBIS Translated Text] Idiotic Tie Banh arrogantly announced on 23 November that the two-headed government has bought 100 tanks from Czechoslovakia [as heard] and warplanes from Israel to protract the communist Vietnamese war of aggression to kill the Cambodian people. How can the rat Hun Sen and the devilish Prince Ranariddh have shouted that there will be no offensive? And how can they shout about promoting rural development?

The traitors always act like that. They are shameless and afraid of nothing. They do not hesitate to hoodwink the nation to serve communist Vietnam and the warmongering alliance, including the United States, France, and Australia, in their attempt to kill the Cambodian nation and people once and for all.

However, the general public says that the two-headed government's action of amassing all the money from its coffers to buy tanks and warplanes is evidence that it has no more ground troops, that it can no longer conscript new soldiers, and that old soldiers have all defected. As such, what can they can do with the tanks and warplanes?

Look! Could numerous NATO warplanes sent to fight in Bosnia solve any problem? Could U.S. B-52 bombers in around the clock operation for 200 days and nights prevail over the struggle carried out by the Cambodian nation and people? No. This only infuriated the nation and people more vigorously.

Their intensification of the communist Vietnamese war of aggression has only motivated the forces of the entire Cambodian nation and people to unite more zealously to smash and eradicate the traitorous two-headed government definitely.

Khmer Rouge Army Ministry on Right To Retaliate

BK2611094894 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 25 Nov 94

["Communique by the Spokesman of the National Army Ministry of the Provisional Government of National Union and National Salvation"—dated 23 November]

[FBIS Translated Text] I. Communist Vietnam, the U.S.-Australian-French alliance, and the traitorous two-headed government are stubbornly working together to escalate the communist Vietnamese aggressors' war to exterminate the Cambodian race. The villainous allies are fully involved in the communist Vietnamese aggressors' war in Cambodia. They have dispatched hundreds of military and civilian personnel to organize and train the two-headed government troops and police force. On some battlefields they even give direct orders. They have allowed hundreds of Lao and communist Vietnamese forces to come to Cambodia to launch attacks against the people and Democratic Kampuchea, as for example, on the Preah Vihear battlefield. Apart from this they have ordered the two-headed government to spray toxic chemicals from aircraft, killing people in entire villages in a fascist and most barbarous manner without any regard to human rights, humanitarianism, law, or international treaties.

Furthermore, they have successively brought tanks, multiple rocket batteries, artillery pieces, and ammunition to launch offensives to kill the people in the coming dry season and beyond that. Along with this, the United States, the main thug and ringleader, is going around pressuring, threatening, and intimidating countries in the region into allowing the United States to set up weapon stockpiles and military bases. Why are they doing this if not to continue the war to destroy peace in Cambodia?

II. For over 15 years, the Cambodian nation and people were victims of great destruction due to communist Vietnam's war to exterminate the Cambodian race. Later on, UNTAC [UN Transitional Authority in Cambodia], the alliance, and the two-headed government cooperated with communist Vietnam to continue fueling the war to massacre the Cambodian people.

Millions of Cambodians, men and women, children and elderly people, have died, been separated, and maimed. Villages, rice fields, lands, and houses of the people have been repeatedly destroyed. The Cambodian people have been living in harsh conditions for more than 15 years; this still goes on.

III. Faced with the communist Vietnamese, the U.S.-Australian-French alliance, and the two-headed government working together to escalate the communist Vietnamese aggressors' war to exterminate the Cambodian race and to sow such great destruction, the Provisional Government of National Union and National Salvation [PGNUNS], which represents the entire Cambodian nation and people, reserves the right to defend itself and to fight to safeguard the Cambodian race. It would also like to inform national and international communities of the following:

1. As war criminals, the communist Vietnamese, the alliance, and the traitorous two-headed government are fully responsible for all past, present, and future consequences resulting from their warmongering policy of continuing the war to massacre the people and to exterminate the Cambodian race.

2. The Cambodian nation and people, the victims, have every right to struggle using all possible means to defend themselves and safeguard the Cambodian nation and race.

If you use all possible means to cut the throat of and exterminate the Cambodian people and race, the Cambodian nation and people also have the right to fight using all possible means to kil you too. This is the sacred right of the Cambodian nation and people, the victims, that no one can deny.

23 November 1994
The Spokesman of the PGNUNS Ministry of National Army

Indonesia

East Timor Residents Pledge Loyalty to Government

BK2711090294 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 26 Nov 94

[FBIS Translated Text] Thousands of East Timor residents from 13 districts in the province held an assembly in front of the governor's office in Dili this morning to express their loyalty to the government.

Governor Abilio Jose Osorio Soares reaffirmed that the East Timor people's determination to remain part of the the Republic of Indonesia. In view of that, Governor Soares expressed the hope that the local citizens will not be easily provoked by goundless rumors created by irresponsible people who are envious of the progress achieved by East Timor during the post integration period.

The East Timor governor promised to take firm action against members of the anti-integration movement and investigate who perpetrated the recent trouble in Dili.

Meanwhile, ABC radio reported that Rudini, Indonesia's former home affairs minister, told a conference in Canberra that East Timor had already formed its local legislative Council [DPRD] chosen by the local citizens. The East Timor's DPRD is responsible for issuing the broad outline of district policies except military, justice, foreign, and monetary affairs.

Dili Military Commander on Timor Rebel Forces

BR2311152794 Lisbon DIARIO DE NOTICIAS in Portuguese 22 Nov p 9

[Unattributed report: "Colonel Acknowledges Guerrilla Forces"]

[FBIS Translated Excerpt] Colonel Kiki Syahnakri, Indonesian military commander in Dili, has admitted the existence of "anti-integration sentiments" among the Timorese people, but deemed them insignificant.

Talking with four journalists from foreign news media staying in Dili, Syahnakri admitted that the Timorese guerrilla forces are still active in some areas of East Timor—especially in Lospalos, Baucau, and Viqueque. "But, according to the last report drawn up on the guerrilla forces, there only remains a small group of 189 men, which has 103 weapons," he emphasized. In order to deal with the guerrillas, Indonesia keeps a combat battalion of 800 men in East Timor.

Col. Syahnakri stated that, in addition to the combat battalion, the ABRI [Armed Forces of the Republic of Indonesia] keep in East Timor six battalions with duties which he described as "social." Each has 646 men, with a total of 4,522 men. "These battalions are helping East Timor to narrow the gap which still separates it from the other Indonesian provinces in terms of development, and the majority of the Timorese people acknowledge the military's work," the colonel added. He also acknowledged that the situation in East Timor in terms of respect for human rights "is not yet 100 percent normal."

"There are still details to be improved, but the terrible things which are reported abroad are a great lie and usually have Ramos Horta as their source," he said.

With respect to the latest incidents in Dili, Col. Syahnakri maintained that "the situation is 95 percent normalized. It is only not 100 percent because there are still foreign journalists in Dili," he stated.

The military commander said that the demonstrations in Dili were organized by groups of 15 to 30 activists, and denied the house searches previously admitted by Governor Abilio Soares. [passage omitted]

CNRM, Fretilin, UDT Leaders on Timor Situation

BR2311154994 Lisbon EXPRESSO in Portuguese 19 Nov 94 p 8

[Mario Robalo report: "New Stage in Timor"]

[FBIS Translated Excerpt] [passage omitted]

Message from Clinton

Ramos Horta feels that Bill Clinton's reaction in acknowledging the need for the Timorese to be heard on issues concerning them means that the American president was sending a message to Indonesia: "In the context in which he made the statement, Clinton advised Suharto to negotiate with the CNRM [National Council of Maubere Resistance]."

The CNRM representative felt that one of the consequences of the change that can be checked in the short term is that Indonesia's position vis-a-vis East Timor will "surely" change. "According to diplomatic information," Ramos Horta said, next year—on the 50th anniversary of Indonesian independence—Jakarta will concede a certain degree of autonomy to the territory, appointing Timorese to district administrative posts currently occupied by military personnel. He will slow down the surge in the transmigration of Indonesian citizens. And he will deliver occupied lands back to their rightful owners.

"However this is not enough; it is just cosmetic." Ramos Horta stressed the demands of the CNRM "peace plan:" a permanent UN representative, withdrawal of troops, free elections for an autonomous administration, and, lastly, a referendum to determine the territory's future.

Indonesian Change

The Fretilin [Revolutionary Front for an Independent East Timor] representative abroad is confident about Indonesia's internal changes. Jose Luis Guterres supports having the regime "pressured by an increasingly enlightened middle class." The Fretilin leader also said that the trade union and intellectual movement—"choked off by systematic military repression"—will be a powerful enemy of the maintenance of the dictatorship set up in 1965. Among the various operators involved in change he pointed to President Suharto and Foreign Minister Ali Alatas, "who are obviously under pressure from the United States, which wants to protect its investments," since it is Indonesia's major trade partner after Japan. However, Guterres emphasized that there is a strong opponent to change: Vice President General Try Sustrisno, who is supported by a significant core within the Armed Forces.

For his part the UDT [Democratic Union of Timor] leader believes that "the new momentum introduced by young people in demonstrations is surely a guarantee that the international community will have to see more revolution." This "is abhorrent to Indonesia, which does not want to see continuing coverage on TV and in newspapers about the repression in Timor," Joao Carrascalao concluded.

Moreover, the young people "have been one of the challenges of the UDT," reiterated Carrascalao, who guaranteed that his party "opted to infiltrate elements into the Indonesian Administration, and even into the Armed Forces." These Timorese provide information to the guerrilla movement and to the entire resistance network. One of the other challenges facing the UDT—as pointed out by Mario Carrascalao, the brother of the territory's former governor,—is the granting of scholarships, "because these allow them to become more aware of things and make them more capable for political action."

Indonesia has already played this game, Joao Carrascalao said, "but it lost." Young people coming out of polytechnics or universities "are not resigned, and are not giving up the struggle. Despite the fact that a majority of these young people was born under Indonesian domination, they do not accept integration, nor are they 'adapted to a new environment,' as the Indonesians say."

Officer Says Political Openness To Increase

BK2711131394 Jakarta REPUBLIKA in Indonesian 21 Nov 94 p 1

[FBIS Translated Excerpt] Jakarta, REPUBLIKA—Lieutenant General R. Hartono, head of sociopolitical affairs of the Armed Forces of the Republic of Indonesia, has allayed the fear that "the Bogor Declaration" will have a negative impact on the pace of political openness and democratization in Indonesia.

"That's a narrow-minded perception," he told reporters last Saturday. According to Hartono, economic progress cannot be achieved by curbing democratization.

Indonesia and other Asia-Pacific countries in APEC [Asia-Pacific Economic Cooperation] signed a declaration on trade and investment liberalization in Bogor last week. The declaration requires each APEC member to open itself to foreign businessmen and investors by 2020 at the latest.

Certain circles fear that the government will advocate increasingly pro-business policies and ignore politics, law, and human rights to achieve the target and to promote the competitiveness of domestic businessmen.

Hartono disagrees. According to him, "the Bogor Declaration will instead have a positive impact on the nation's political life." Indonesia's enhanced prestige in the international scene due to the successful holding of the APEC meetings will at least contribute to a better political life at home.

"How can political openness and democratic trends be curbed?" he said.

Political openness will continue to grow as time passes. In several years to come, the political atmosphere will become more open and more democratic. "That's natural," he said. [passage omitted]

Editorial Cites 'Realism' at Bali OPEC Meeting

BK2711110994 Jakarta SUARA KARYA in Indonesian 24 Nov 94 p 5

[Editorial: "OPEC's Realistic Attitude"]

[FBIS Translated Text] After two days of debates (21-22 November), the OPEC conference in Bali came to a consensus on two major questions: first, the maintenance of the 24.52 million barrel daily production quota for 1995, and second, Nigeria's Dr. Rilwanu Lukman, a dignitary familiar to OPEC, was elected as OPEC secretary general to replace Dr. Subroto of Indonesia for the 1995-1997 term.

Aside from resolving these two questions, which have always caused heated debates in OPEC, the meeting also elected I.B. Sujana, minister of mining and energy of the Republic of Indonesia, as OPEC president for 1995 and Director General of Oil anf Gas Suyitno Padmosukismo as chairman of the OPEC Council of Governors.

According to OPEC President I.B. Sujana, the Bali accord will contribute to the improvement of international oil prices. However, he said the setting of the 24.53 million barrel daily production quota for 1995 cannot be expected to lead to an oil price boom. "Why should there be a price boom if it is followed by another price decrease?" I.B. Sujana asked.

We get the impression that the outcome of the Bali OPEC meeting was based on the realistic attitude of the OPEC ministers. We stated this in our editorial on 21 November. The decision also indicates that OPEC is trying to strengthen its unity, as called for President Suharto when opening the conference.

We have to wait for further developments to see whether the outcome will be positive because Prof. Subroto, who is to leave his post to his successor, said the world's oil demand at the moment is 25.3 million barrels per day, nearly 1 million barrels higher than the production quota of 24.53 million barrels per day.

We can guess that the OPEC strategy is to swiftly explore markets periodically or cyclically and simultaneously attempting to raise oil prices in the world market. This strategy is different from that during the Cold War period when an ambivalent policy was possible. Now, OPEC has to take the other alternative—farsightedness on the basis of the present reality.

All this means that on the one hand, OPEC has to keep alert of the world's output and demand (of OPEC and non-OPEC) and of the ability of its members to fulfill the short, medium, and long-term oil demands. On the other hand, it has to discreetly attend to the world's oil consumption; take into consideration the demand in relation to economic growth in advanced, newly industrialized, developing, and future newly industrialized countries; and continue to develop alternative sources of energy.

We, therefore, get the impression that the Bali conference reflected realism and farsightedness. The effectiveness of the OPEC decision, however, will largely depend on the compliance of the members with the consensus reached in the conference, especially the 1995 production quota.

Laos

SRV Premier's Office Delegation Ends Visit

BK2511120194 Vientiane KPL in English 1013 GMT 25 Nov 94

[FBIS Transcribed Text] Vientiane, November 25 (KPL)—The delegation of the Prime Minister's Office of Vietnam headed by Le Xuan Trinh, minister and chief of the Cabinet of the Prime Minister's office, yesterday afternoon left here, ending his official five-day visit to Laos.

During its working visit here, the Vietnamese delegation met and exchanged points of view with the Lao delegation and looked for new approaches for reinforcement of future cooperation aimed at tightening of the special friendship between the two countries.

The delegation of Vietnam also called on Khamphoui Keoboualapha, vice minister and president of the Committee for Planning and Cooperation and visited economic sites in Vientiane Prefecture.

SRV Education Minister Arrives 24 Nov

BK2611094494 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 25 Nov 94

[FBIS Translated Text] At noon yesterday, Tran Hong Quan, SRV minister of education and training, and his delegation arrived in Vientiane for a visit to Laos. The visit, scheduled from 24 November to 1 December, is in response to an invitation of the Education Ministry of the Lao People's Democratic Republic [LPDR].

During the visit, the SRV Education and Training Ministry delegation will pay courtesy calls on certain Lao dignitaries. It is scheduled to hold a consultative meeting with a delegation of the Educational Ministry of the LPDR to discuss cooperation between the two ministries. The SRV delegation will also visit some cultural and social establishments and a number of schools.

The SRV education and training minister and his delegation were welcomed on arrival at Wattai Airport by Phimmason, education minister of the LPDR, and Bui Van Thanh, ambassador extraordinary and plenipotentiary of the SRV to Laos, along with a number of high-ranking cadres.

Talks Held With Delegation

BK2611142394 Vientiane KPL in English 0937 GMT 26 Nov 94

[FBIS Transcribed Text] Vientiane, November 26 (KPL)—A Vietnamese delegation of the Ministry of Education and Construction headed by its minister, Tran Hong Quan, arrived here on November 24 for an official visit to Laos, from November 24 to December 1.

During the working visit, the delegation of Vietnam would call on the Lao prominent figures, discuss with a delegation of the Ministry of Education of the Lao PDR [Lao People's Democratic Republic] about cooperation between the two education ministries and visit schools and socio-cultural sites.

This visit is made at the invitation of the Ministry of Education of the Lao PDR.

Yesterday morning, the Vietnamese education delegation met with its Lao counterpart led by Education Minister, Phimmason.

The sides at the meeting exchanged experience on educational development in the past year and discussed their cooperation in 1995. They agreed on sending of students for training and experience sharing in each country.

The Vietnamese side agreed to accept 358 Lao students, researchers and trainees to study in different fields in Vietnam and to send Vietnamese experts to assist the Lao education ministry in 1995.

The two sides also shared the view that the two ministries will exchange visits of delegations and will promote direct contact between schools and educational institutes of the two countries. The Lao ministry of education will introduce a policy of giving opportunities for Vietnamese residents living in Lao PDR to study at all levels of education like Lao students.

The cooperation between the two ministries of education of Laos and Vietnam is in implementation of the Lao-Vietnamese economic, cultural, scientific and technological cooperation agreement for 1992-1995 signed on February 15, 1992 between the governments of the Lao PDR and the Socialist Republic of Vietnam.

Deputy Premier Receives Vietnamese TV Group

BK2611142194 Vientiane KPL in English 0926 GMT 26 Nov 94

[FBIS Transcribed Text] Vientiane, November 26 (KPL)—The visiting delegation of the Vietnamese TV led by Ho Anh Dung, general director of Vietnam TV, yesterday called on the deputy premier of the Lao PDR [Lao People's Democratic Republic], Mr. Khamphoui Keoboualapha, at his office.

Deputy Premier Khamphoui Keoboualapha congratulated the Vietnamese TV delegation for its visit to Laos and advised that the Lao and Vietnamese TV enhance and strengthen their cooperation in the future. He also said that the visit and exchange of experience between the two side will pave the way for a solid and efficient cooperation between Vietnam and Laos in the field of TV.

Ho Anh Dung then expressed his thanks for the warm welcome and advice to the deputy premier and report to him the result of the discussion he had with the Lao officials.

National Bank Delegation Leaves for PRC Visit

BK2611133794 Vientiane KPL in English 0923 GMT 26 Nov 94

[FBIS Transcribed Text] Vientiane, November 26 (KPL)—A delegation of the National Bank of the Lao PDR [Lao People's Democratic Republic] led by its governor, Boutsabong Souvanavong, left here yesterday afternoon for a cordial visit to the People's Republic of China.

During the 7-day working visit, the two countries' delegations are scheduled to exchange views concerning banking services in Beijing, Kunming and Shanghai, particularly the open door policy and the economic management in China with the adjustments by the state. The sides will also exchange experience concerning the management of foreign bank operations and border trade, discuss border trade settlement. In addition, the Lao delegation will study Chinese financial and monetary policy and regulations and will tour cultural and production bases in Beijing, Kunming and Shanghai.

'Editorial' Welcomes Visit by PRC Delegation

BK2811100294 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 28 Nov 94

[Unattributed "editorial": "Wholeheartedly Welcoming the High-Level Delegation of the PRC National People's Congress"]

[FBIS Translated Text] At the invitation of the National Assembly [NA] of the Lao People's Democratic Republic [LPDR], a high-level delegation of the PRC National People's Congress [NPC] headed by NPC Vice Chairman Wang Hanbin will pay an official friendship visit to the LPDR beginning 28 November 1994.

Our people throughout the country, the residents of Vientiane, and the members of the LPDR NA are overwhelmingly exuberant at having the noble honor of wholeheartedly welcoming the high-level delegation of the PRC NPC.

This official friendship visit to the LPDR by the high-level delegation of the PRC NPC is taking place at a time when several high and low-level delegations of the LPDR and the PRC have exchanged visits. Therefore, it can be said that today's visit to the LPDR by the high-level delegation of the PRC NPC is very significant because it will contribute to developing and strengthening the friendship and comprehensive cooperation between the two countries and peoples as well as between the legislative organizations of the two countries, thereby making an important contribution to the relations of friendship and cooperation among the countries in Southeast Asia and the world in the name of peace, stability, and development.

Laos and China are close neighbors. The peoples of the two countries have maintained a tradition of good relations since ancient times. In recent years, the friendship and comprehensive cooperation between the parties, states, and peoples of the two countries have been continually and extensively developed. This is because Laos and China have maintained a tradition of friendly relations forged and tested over time by prolonged and arduous struggles. These relations have been based on the principles of respect for each other's independence, equality, and mutual benefit.

The visit to the PRC late last year by party Chairman Khamtai Siphandon served to promote and clearly carry the traditional fine relations between the two countries to a new era of development. Some prominent and important events that took place were the signing of a border treaty between the countries as well as an agreement on cooperation in various fields, including on the exchange of visits by delegations and the strengthening of trade relations and scientific, technical, and cultural cooperation. As a result, the aura of friendship and comprehensive cooperation between the two countries has increasingly blossomed, thus becoming a symbol of mutual understanding and trust and contributing to a more fruitful development of these relations. This brings genuine benefits to both the Lao and Chinese peoples.

On this occasion, the Lao people wish brilliant success for the visit to the LPDR by the high-level delegation of the PRC NPC.

Bank Reports 1993 Inflation Rate at 6.3%

BK2311124994 Vientiane KPL in English 0923 GMT 23 Nov 94

[FBIS Transcribed Text] Vientiane, November 23 (KPL)—The Bank of the Lao PDR [People's Democratic Republic] managed to keep the inflation rate in 1993 under control at 6.3, lower than the limit of 8 imposed by the resolution of the 7th LPRP CC [Lao People's Revolutionary Party Central Committee] Plenum V Congress. Currently, the exchange rate is at 725 kip per one U.S. dollar and at 28.5 kip per one baht.

These figures were reported by the chief of the Office of the Bank of the Lao People's Democratic Republic at its wrap-up meeting for 1993.

The report pointed out that the interest rate of the deposits with the state business banks in early 1993 was at 20 a year and declined to 18 at the end of the year, while the loans' were at 26 at the beginning of the year and fell to 22 at the end of the year. Hence, business banks in the Lao PDR had to follow the line. Such competition constitutes a basic factor for the future development of a monetary market system.

Philippines

U.S. Acquisition, Cross-Servicing Pact Viewed

Ramos Rejects U.S. Initiative

BK2811054994 Manila MANILA STANDARD in English 22 Nov 94 p 3

[Report by Marichu Villanueva]

[FBIS Transcribed Text] The Ramos Government has rejected a United States' initiative for an "Acquisition and Cross-Servicing Agreement" (ACSA), which would allow stockpiling and pre-positioning of American war material and forces on board U.S. naval vessels in Philippine waters, Defense Secretary Renato de Villa said yesterday.

But, Foreign Affairs Secretary Roberto Romulo said the Manila Government "is willing to discuss at the conceptual level" the U.S. proposal, if it is officially put forward by Washington. The two Cabinet members swore at yesterday's joint hearing of the Senate committees on foreign relations and national defense and security, that neither the Department of Foreign Affairs (DFA) nor the Department of National Defense (DND) has so far received any formal forward-basing proposal from the United States.

They added that the issue was not taken up at the level of President Ramos during the recent stopover in Manila of U.S. President Bill Clinton.

The Senate committee on foreign relations, chaired by Sen. Blas Ople, and the committee on national defense and security, headed by Sen. Orlando Mercado, were conducting a joint hearing in the wake of a disclosure by U.S. Ambassador to the Philippines John Negroponte about the existence of negotiations for an ACSA.

Negroponte disclosed the ACSA negotiations at a press conference a few days prior to the 12 November arrival of Mr. Clinton in Manila, en route to Indonesia for the Leaders' Forum of the Asia-Pacific Economic Cooperation (APEC) at Bogor.

The ambassador subsequently apologized to Secretaries De Villa and Romulo for his "premature" announcement.

The ACSA, as drafted, would effect the provision of routine supplies and services, such as food, fuel, spare parts, training, repair and maintenance services, to either party as requested by one party in connection with joint military activities under the 1951 RP [Republic of the Philippines]-U.S. Mutual Defense Treaty (MDT). It is said to be similar to a "port call" by any foreign vessel on commercial basis.

De Villa last week expressed dismay over Negroponte's disclosure that an ACSA would be signed at the next meeting of the Mutual Defense Board (MDB) on 15 December. A draft agreement was still being reviewed by his staff at the DND, De Villa said.

At yesterday's resumption of public hearings, De Villa informed the senators that his staff had recommended rejection of the draft ACSA due to a number of ambiguous provisions that tend to denote U.S. stockpiling of war materiel and pre-positioning of forces in Philippine waters.

"In consonance with my staff's recommendations, I have rejected the draft ACSA, under its present wordings and phrases, and referred it back to the level of Armed Forces Chief of Staff Gen. Arturo Enrile to take up with his counterpart official in the MDB," De Villa said.

De Villa said his staff specifically objected to the definitions of basic policy and purposes of ACSA as contained in the seven-page "mother document," supposed to be signed by Gen. Enrile and Adm. Richard Macke, commander-in-chief of the U.S. Pacific Command.

"The present definitions of the basic policies, intentions, and meanings of phrases and words (of ACSA) are ambiguous and need to be revised to serve our country's national interest and constitutional prohibitions against nuclear arms," he said.

De Villa noted in particular use of the words "storage facilities" which, he said, tend to imply "stockpiling" of war materiel aboard U.S. warships docked in th[illegible]lippines.

"We want to make sure that this will not denote stockpiling," he said. "Because this is not MDT-related, it covers the whole U.S. Pacific Command."

De Villa said the draft ACSA has also a provision that connotes "automatic authority" in case a request is made for maintenance and repair services or seaport and shipyard services.

Romulo echoed De Villa's position on the draft ACSA. The Philippine Government had responded to the U.S. proposal by saying "we're not accepting these terms, because we have to follow the mandates of our Constitution," he said.

His position adheres to Malacanang's line that the government is not closing its options in case a formal forward-basing proposal is presented by Washington.

"If ever (a draft ACSA is) brought to us," Romulo said, "we will treat it at the conceptual level, and we are willing to study and review these (stockpiling and prepositioning) proposals."

Foreign Secretary Backs ACSA

BK2811045094 Manila PHILIPPINE DAILY INQUIRER in English 23 Nov 94 pp 1, 12

[Report by Juliet M. Labog]

[FBIS Transcribed Text] "If we don't, others will." This, according to Foreign Secretary Roberto Romulo, is what the Philippines must keep in mind when it decides on whether or not U.S. warships should be allowed to refuel and acquire food supplies here.

This early, however, a resolution was filed with the House of Representatives opposing the proposed Acquisition and Cross-Servicing Agreement (Acsa), saying this would "clearly violate the 1987 Constitution."

Romulo warned the country would be foregoing a great deal of potential earnings if it rejects the proposal .

"Let us make sure we don't miss the business opportunity because if we don't (avail ourselves of it), others will," he told reporters.

Earlier, the foreign secretary told the senators: "We believe the Philippines should use its favorable geographic position to capture its share of the commercial potential that exists in acquisitioning and servicing. Otherwise, the business could easily go elsewhere."

He noted that the country already allows port and provisioning calls by public vessels, including military, from other countries.

But this is done only after diplomatic clearance has been obtained and defense and national security authorities have been consulted by the Department of Foreign Affairs, he said.

U.S. Ambassador John Negroponte earlier said U.S. warships would be buying up to $12 million a year in fuel and food supplies if the agreement is approved.

Negroponte disclosed the proposed agreement on the eve of U.S. President Clinton's arrival in Manila. Philippine officials reacted with surprise to the revelation saying they have not seen the proposal.

Romulo, however, said any refueling and cross-servicing access should be in compliance with the Constitution which prohibits the presence of nuclear weapons and foreign forces in the country.

He said the proposed agreement was not rejected by the Department of National Defense as reported by some newspapers (not the INQUIRER) but merely referred back to the R.P. [Republic of the Philippines]-U.S. Mutual Defense Board [MDB] to clear some ambiguous terms.

"(Acsa) was just sent back to the MDB. There are terminologies that have to be defined," Romulo said.

"What was rejected was the way (some of) the text was written at that time," said Foreign Undersecretary Rodolfo Severino.

Romulo cited the word "storage" as among those that should be clarified.

"What do we store, for example?," he said, echoing fears of stockpiling here of arms, probably nuclear, by the U.S. military.

Romulo said there seems to be no violation of anything as the agreement is worded but there remains the need to clarify its provisions.

In the House of Representatives, Rep. Bonifacio Gillego (Lakas [Party], Sorsogon) chair of the House committee on civil, political and human rights, yesterday said the proposed pact would run counter to the Senate's rejection in 1991 of basing rights by U.S. military forces.

He also cited Article 13, Section 25 of the Constitution which prohibits the basing of foreign troops in the country unless contained in a treaty ratified by the Senate.

The MDB will convene next month to iron out kinks in the proposed Acsa.

A source in the defense department said Defense Secretary Renato de Villa, who has questioned some of the terms in the draft agreement has come up with a counterproposal which will be on top of the MDB's agenda when it meets on 16 December in Manila.

The board will convene next month to hammer out an acceptable agreement on cross-servicing.

A source in the board said the Philippine and U.S. panels in the board will review the counter proposals made by Defense Secretary Renato de Villa.

During a hearing at the Senate, De Villa said some provisions in the agreement have to be clarified to make sure they don't allow stockpiling of U.S. weapons in the Philippines.

The MDB source said there will be minor amendments to the agreement before it is presented to the Philippine and U.S. officials for approval.

Subic Projects Worth $615 Million Approved

BK2411092294 Manila BUSINESS WORLD in English 21 Nov 94 pp 1, 6

[Report by Margarita Debuque]

[FBIS Transcribed Text] Subic Bay, Olongapo City—The Subic Bay Metropolitan Authority (SBMA) has approved a total of 94 projects worth $615.404 million at the Subic Freeport Zone as of 11 November.

SBMA chairman Richard Gordon is optimistic that by year end, the number of projects will reach 135, investing about $700 million in the free port zone.

"It's been a good last two weeks for us," Mr. Gordon said. "Many Japanese-American and Taiwanese investors have been coming in. Before, they said Subic will not fill up." The SBMA will celebrate this Thursday its second year of operations after the former naval base was turned over by the Americans to the Philippine Government.

Mr. Gordon noted that existing facilities in Subic will not be enough soon to accommodate future investors if the current level of interest in the free port continues. By next year, the SBMA anticipates that all buildings here will have been occupied.

The lack of facilities poses a real constraint to Subic's continued development. Mr. Gordon said there is now a need to put up more buildings in Subic to house new locators in the area. "There are only a few more building to occupy, the rest will need new buildings."

He suggested that either new investors build their own structures, or that a third party construct the facilities and rent this out to the locators through a sublease mechanism.

Yet in contrast to infrastructure, space is no problem in Subic as of now. Some 310 hectares of land will be opened next year in the Taiwan Industrial Estate located within the area. This project has been estimated to cost around $100 million.

The Subic Bay Dev't. and Management Corp. (SBDMC), a joint venture among SBMA, Taiwanese Developers Corp. and Century Development Corp. will build the estate using initially a $23.75-million soft loan from the International Economic Cooperation and Development Fund (IECDF), Taiwan's lending institution.

Also, the Japan International Development Organization, a small business group attached with the Keidanren, will build an industrial estate in Subic, and will lease three hectares initially. The details of the project were not yet made clear.

Although these has been a surging Asian presence in the former U.S. military base, Subic is still pervaded by substantial American investments. October data show U.S. investments accounted for 65 percent of projected investments, which in dollar terms is equivalent to $337 million.

Philippine investments during the period was worth $105.4 million; the Japanese invested, $216,000; the Australians accounted for $4.1 million, the Taiwanese poured in $64.23 million; the Malaysians had $96.154 million; while European investors contributed $4.4. million.

New Investments Surge Through October

BK2411081494 Manila MANILA BULLETIN in English 21 Nov 94 p b-1

[FBIS Transcribed Text] Projects registered by the Board of Investments (BOI) surged to P[Philippine pesos] 336.18 billion in the first ten months of the year, five times more than the P65 billion in the same period last year.

The investment registrations, which were artificially buoyed by the impending implementation of the expanded value added tax, earlier prompted the BOI to recast its 1994 estimates to P400 billion from its revised target of P260 billion.

Based on the BOI's report, the rush in registrations was evident in the second and third quarters of the year when the expanded value added tax [VAT] was twice postponed in July and October, respectively.

According to the figures released by the BOI, the investments from projects registered in April to June this year hit a high of P194.44 billion. By the third quarter of this year, some P83.7 billion worth of projects were approved for incentives eligibility.

Investments from BOI-registered companies soared to record levels prior to the effectivity of the VAT as investors rushed to cut cost on their capital equipment importations.

With the VAT, capital equipment importations of registered firms will only be exempted from duties and no longer from the 10 percent tax.

But the BOI maintained that the uptrend in investments generally mirrored the upbeat mood of investors on the country's investment climate.

As contained in the BOI report, a total of 574 projects were registered for incentives eligibility during the 10-month period. In contrast, the BOI approved 418 projects in the same period last year.

Of the total investments, the equity portion amounted to P115.14 billion billion [as published] from the previous year's P24.9 billion.

The local equity component accounted for P71.96 billion or 307.58 percent more than the P17.66 billion poured in during the comparative period last year.

The foreign equity investments, on the other hand, ate up P43.18 billion or 496 percent more than the P7.25 billion registered in January to October last year.

"The growth potentials of the southeast Asian region has lured foreign investors to consider the Philippines as an alternative investment haven," the BOI said.

It added that the cost factors have also forced more and more foreign companies to set up operations in the country.

Based on the BOI report, the United States topped the list of foreign investors in the country during the 10-month period, contributing P14.59 billion.

Thailand

More on Alleged Massacre of Workers in Cambodia

Chuan, Thaksin, Wimon Comment

BK2511150294 Bangkok Radio Thailand Network in Thai 1200 GMT 25 Nov 94

[FBIS Translated Text] Speaking in an interview with newsmen at Parliament Building this afternoon, Prime Minister Chuan Likphai said he received a report yesterday about the massacre of Thais by the Khmer Rouge, but he did not know how many were killed. He was waiting for further reports from the Foreign Ministry. Asked about help for those people, Chuan said he had to see which steps had been taken. The report he received, which was unofficial, indicated that the act was committed by authorities, but he did not know of which side. The prime minister believed it was a conflict of interest and not a political conflict.

[Begin recording] [Chuan] The report I received indicated that the action was committed by officials, but it did not say officials of which side.

[Unidentified reporter] Does this have anything to do with the issue of General Sin Song?

[Chuan] I don't think so. Based on the report, I would say that it stemmed from a conflict of interests, some kind of an extortion.

[Unidentified reporter] And the blame has been put on the Khmer Rouge ...

[Chuan] I think we should wait for a more solid report before blaming any particular group since that would cause us trouble again.

[Unidentified reporter] Since it was an act committed by the officials, what are we going to ...

[Chuan] Well, I still do not know if those people are really officials, or not, despite the fact that the report I received hinted that way. In my opinion, we should wait for an authorized report. [end recording]

Answering newsmen at the Foreign Ministry at noon today, Foreign Minister Police Lieutenant Colonel Thaksin Chinnawat said the ministry had been coordinating work with local military authorities in order to get more information about the fate of the survivors and to help them. The foreign minister said the ministry was trying to save those abducted Thais from danger. He said he did not want to see Thai people engage in illegal businesses. Asked if their business deal in Cambodia was legal or illegal, Thaksin said the matter would be determined by the authorities.

Army Commander General Wimon Wongwanit also spoke, during an interview with reporters, about the massacre of a group of about 20 Thais by Khmer Rouge forces at An Ma border pass in Nam Yun District of Ubon Ratchathani Province. Wimon said he had ordered border units to increase security precautions along the border and to investigate the incident. Wimon said he believed there was a certain motive behind the incident. He said the military would not be able to remain idle if Thais were bullied, saying that we have to do something to help them. He warned Thai people to not cross over into lawless Cambodia unless it was necessary.

Major General Sanan Maroengsit, commander of the Suranari Task Force, told newsmen that Thai woodcutters were abducted for ransom by unidentified Cambodian armed forces. Several escaped and were wounded by gunfire. The incident took place inside Cambodia close to the Thai border in Nam Yun District of Ubon Ratchathani Province at the An Ma border pass, which is about 30 to 40 kilometers from the border. The officer said the Suranari Task Force still could not confirm whether a number of Thais really had been massacred, but the unit was checking. He said that from interrogation of the Thais who fled, there was nothing to confirm a mass massacre as reported in the news. There was an abduction of Thais by an unidentified group of armed men, who later freed the Thais by telling them to run for their lives. One of the Thais headed for an off-limits area, however, and was shot, but there is no evidence that he was killed. The Saranari Task Force was still checking the report.

Concerning help for the remaining Thais, he said the Suranari Task Force had contacted Cambodian Government forces in Choam Khsan District, opposite the border pass, and asked them to help the remaining Thais return safely. He said the incident took place deep inside Cambodia and too far from the Thai border, making it impossible for the task force to reach the area. The task force was also confirming what really happened. The incident prompted the Suranari Task Force to order the Thai-Cambodian border at An Ma pass closed as of 24 November in order to prevent further such incidents. The task force was on the alert for more information on those people and was waiting for their return from Cambodia at any time.

Bodies of Seven Workers Found

BK2611141494 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 26 Nov 94

[FBIS Translated Text] The bodies of seven Thai workers massacred by the Khmer Rouge have been discovered. Meanwhile, the Thai military ordered the closure of the border with Cambodia at An Ma border pass in Ubon Ratchathani Province.

A correspondent stationed in the province reported that at 1100 today officials of the BLP Import-Export Company together with Cambodian Government troops jointly searched for the bodies of 25 Thai workers reportedly massacred by the Khmer Rouge in the vicinity of Prey Roka forest, some 40 kilometers east of Choam Kksan District in Preah Vihear Province and found seven decomposed bodies. It was believed that the carnage took place on 21 November. However, the BLP Company is now seeking cooperation from the Cambodian Government to bring the corpses back to Thailand. Meanwhile, a number of Cambodian Government soldiers have been sent out to search for other Thai workers who might have survived the incident.

Major General Sanan Maroengsit, commander of the Suranari Task Force, said he had received a report saying that a number of Thai workers, some wounded, have been set free by an armed unit of an unknown faction. The Cambodian Government troops were requested to search for any survivors.

10 More Bodies of Workers Found

BK2811005594 Bangkok BANGKOK POST in English 28 Nov 94 p 1

[FBIS Transcribed Text] Ubon Ratchathani—The bodies of ten more Thai workers were found near a logging camp opposite here yesterday, bringing the total number of Thai massacre victims to 17. The latest discovery was made by Cambodian government soldiers who had scoured the logging camp and surrounding area over the past few days since the abduction and the reported killing of Thai workers.

Some 100 Khmer Rouge soldiers entered the logging camp belonging to BLP Import-Export Co on November 20 and abducted 33 workers for a five-million-baht ransom. The guerrillas shot the workers after only 300,000 baht was delivered to them by the firm. Sixteen managed to escape to safety on the Thai side of the border, although some of them suffered gunshot wounds as they ran for their lives.

Mr Chaiwat Chitwimonwat, PLB Import-Export general manager, who confirmed the discovery of the 10 more bodies, promised the firm would pay 50,000 baht to the family of each of the workers slain in the massacre. The company was coordinating with Cambodian government soldiers to try to take all the bodies back across the border for a religious ceremony. Sources at the border said the bodies of the workers were riddled with bullets. The area is about 60 kilometres from the border. The positions of the 10 bodies indicated they had been made to sit down before being shot by their abductors.

Army Chief Wimon Wongwanit said yesterday the abduction and killing of Thai logging company workers clearly indicated that Thailand has not maintained relations with the guerrillas.

Gen Wimon told reporters yesterday that Thai officials were still in the dark about the motive for the slaughter.

The army chief said it was the duty of the logging company to come forward and inform the authorities about the cause of the attack so that measures can be drawn up to prevent a recurrence.

13 More Bodies Found

BK2811132294 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 28 Nov 94

[FBIS Translated Text] Our special correspondent in Chanthaburi Province has sent an urgent report that 13 bodies of Thai nationals—11 males and two females—were found inside Cambodia opposite Suan Som village in Soi Dao District of Chanthaburi Province. It is believed that they were Thai workers who were hired to cut wood inside Cambodia and captured by the Khmer Rouge since 15 November.

According to a report from the border area of Aranyaprathet District of Sakaeo Province, two drivers of the

Ital-Thai Company, a contractor of a U.S. company engaging in the construction of a road from Phnom Penh to Kompong Som, were killed by Cambodian troops. Thai officials are now contacting the Cambodian side for confirmation of the report.

Thaksin Criticizes Cambodian Envoy's Remarks

BK2611100194 Bangkok THE NATION in English 26 Nov 94 pp A1, A4

[FBIS Transcribed Text] New verbal attacks on a foreign envoy, this time Cambodian Ambassador to Thailand Roland Eng, were made by Foreign Minister Thaksin Chinnawat over the envoy's remarks that Thaksin was very close to Cambodia's coup leader Prince Norodom Chakkrapong.

The foreign minister yesterday said Roland Eng's comments at the Foreign Correspondents Club of Thailand were unacceptable, adding that "instead of criticizing me for this and that, the ambassador should immediately hand over the translated verdict of the Cambodian coup fugitive".

The ambassador told foreign correspondents gathering on Wednesday [23 November] that "Thaksin is a strong supporter of Second Prime Minister Hun Sen and National Assembly Chairman Chea Sim, and he is very close to Prince Norodom Chakkrapong. Cambodia is quite surprised over Thaksin's appointment as foreign minister. However, I welcome him as foreign minister, and I must accompany him [during the visit to Cambodia] anyway."

Thaksin argued yesterday that he knows many leading Cambodians, even those in the present coalition government, and he pointed out that he has the same situation in Thailand because he knows many people both in the government and the opposition bloc.

Thaksin's International Broadcasting Company (IBC) was criticized for alleged involvement in July's failed coup attempt. Kraiwut Siwutthiwong, a reported broker for IBC, was among those wanted by Phnom Penh for interrogation in connection with the abortive coup.

Cambodia's former Hun Sen administration has granted IBC a 99-year contract, which was reduced to 30 years by the present government of first Premier Prince Norodom Ranariddh. Rumour has it that IBC was unhappy with the reduction.

"I have lost contact with him [Prince Chakkrapong] for some time, since the Cambodian government changed. It is nonsense for Roland Eng to say otherwise," said the minister.

Thailand has asked Cambodia to hand over the translated verdict of Gen Sin Song who is at present detained in Bangkhen Immigration Centre so Thailand can consider whether to deport the general or send him to a third country.

"Cambodia has been late in sending the translated verdict to the Thai government, but its ambassador responsible for sending the verdict comes out and says this and that instead. It is nonsense," said Thaksin.

Thaksin, responding to Gen Sin Song's fast in detention, told reporters it is the general's individual right and he could do nothing because he is not responsible for the case.

Roland Eng is the second foreign diplomat Thaksin verbally attacked since becoming foreign minister early this month. The first is Mohammed Said Khoja, special envoy appointed by the Saudi king to follow up the gems case in Thailand. Khoja was summoned to the foreign ministry and ordered to stop talking to the press and criticizing Thai police efforts towards recovering the stolen jewellery.

Foreign Minister Thaksin Chinawat yesterday allowed that the Saudi envoy's warning was enough at this stage, although Khoja has often spoken out against action taken by the Thai authorities. Thaksin said further measures to deal with the outspoken Saudi envoy depend on his future comments.

"Khoja has made only one criticism considered undiplomatic and improper. Although he has made many strong criticisms in previous years, I was not the foreign minister then, so I have no need to handle them," said Thaksin.

Khoja has challenged Thaksin to send him home if the minister wants him to stop his outspokenness, his outrage coming after Thaksin criticized him of being aggressive and impolitic.

The House Committee on Foreign Affairs has urged the Foreign Ministry to take immediate action against Khoja, who it accused of violating diplomatic traditions and protocol.

Official Urges U.S., EU, Japan To Ratify WTO

BK2811033894 Bangkok BANGKOK POST in English 28 Nov 94 p 21

[FBIS Transcribed Text] Thailand urged the world's three super power trading nations, the United States, the European Union (EU) and Japan, to ratify their membership to the World Trade Organisation (WTO), before the end of this year.

This will entitle them to be founding members of WTO, successor to the General Agreement on Tariffs and Trade (GATT), scheduled to be implemented in January 1, next year.

Since November 21, 29 countries had ratified their WTO membership which automatically becomes effective when half the current GATT members, 63 countries, have ratified their membership.

"Even if half the GATT members ratify their membership to the WTO, but not the three super power nations, it will not be able to effectively perform its role." Business Economic Department Director General Kroekkrai Chiraphaet, said.

The three members should ratify their membership to show their sincerity, without any pre-conditions, such as the EU's announcement it will implement the agricultural agreement six months later than other members.

"The EU announcement reduces motivation for other countries to ratify the WTO and causes doubt as to whether it will make the WTO its first priority, or not," he complained.

Thailand just finished ratification last Friday, but before becoming a WTO member the country must pass a bill acknowledging it as an international organisation and protect the rights WTO staff carrying out duties in Thailand, he said.

Mr Kroekkrai said the US President Bill Clinton pushed hard for ratification of the GATT Uruguay Round, and he believes the US will finish WTO ratification before the end of this year, he added.

"The US should ratify the Uruguay Round of the GATT and become member of WTO because it is a large trading nation and will derive more benefits from it than developing countries. Therefore, the US will not pass-up the opportunity," said Mr Kroekkrai.

Vietnam

Phan Van Khai's Report at National Assembly

BK2511144994 Hanoi NHAN DAN in Vietnamese 1 Nov 94 pp 1, 3

[Text of Deputy Prime Minister Phan Van Khai's supplementary report at the Ninth National Assembly's Sixth Session in Hanoi on 31 October]

[FBIS Translated Text] Dear members of the Presidium and comrade National Assembly deputies:

After the National Assembly discussed the government reports on the implementation of the 1994 tasks and the orientations, tasks, and state budget for 1995, a number of deputies answered questions raised by the National Assembly concerning the practical issues falling under the specific duties of each ministry.

Acting on the power of attorney delegated by the prime minister and on behalf of the government, I would like to clarify a number of outstanding issued raised at recent National Assembly debates.

Regarding the assessment of the situation in 1994, the deputies unanimously concurred with the major remarks mentioned in the government reports and also with the need to accurately evaluate the situation in order to take into full account the achievements that our entire people and all sectors and echelons have scored despite great challenges. The deputies acknowledged the government's straightforwardness in pointing out socioeconomic development weaknesses as well as leadership and management drawbacks. They also took into account the determination of the government to adopt resolute measures to overcome those shortcomings. The government is always fully aware that we have recorded great and praiseworthy achievements. Nonetheless, we should not be subjective and complacent because many tasks could have been performed more satisfactorily and because many difficulties and obstacles will continue to stand in the way of renovation and development in the days ahead.

The tasks for the last two months of this year still remain very heavy. The government will step up guidance and management. It is suggested that depending on their functions, National Assembly deputies should help motivate, check, and supervise all sectors and echelons so that they can successfully implement the 1994 tasks and make good preparations for the implementation of the 1995 tasks. Special attention must be paid to a number of major issues as follows:

First, it is necessary to overcome the aftermath of natural disasters in the Mekong River Delta and a number of central and northern provinces. As an immediate objective, it is necessary to guarantee conditions for a good winter-spring crop planting and transfer surplus supplies of food to regions suffering shortages while at the same time ensuring rice for export.

Second, it is necessary to meet the needs of budget revenue collection and spending, with special attention paid to the requirements of capital construction and of other national development projects for 1994.

Third, it is necessary to control inflation and price fluctuations in the last months of this year and in early next year.

Fourth, it is necessary to carry out the administrative reform program.

Regarding the 1995 tasks, the National Assembly deputies unanimously concurred with the profound remarks mentioned in the prime minister's report as follows: As 1995 draws near, our country is moving forward with more self-confidence and enjoys new opportunities created by our personal efforts. Meanwhile, given the fact that fierce economic competition is taking place worldwide and the scientific and technological revolution has effected marvelous changes, backwardness and the danger of being left farther behind economically pose a great challenge for our country. The need to accelerate a sustainable development rate and improve the efficiency and competitiveness of our economy reflects not only an aspiration of the public, but also a mandate of life stemming from pressure from inside and outside the country.

Our nation is facing a great challenge and needs each citizen's will and capabilities as well as the singlemindedness of the country as a whole to make the goals of making the people rich and the nation powerful as well as of building an equitable and civilized society come true.

However, in looking at the actual situation in our country at present, we must admit that there are still many indications of a poor sense of frugality among state apparatuses and the people, that wasteful spending still exerts a heavy impact on both consumers and producers, and that many resources, including capital, are not yet used to promote investment and development. If we fail to improve that situation, then we will be unable to enter a new stage of quick, sustainable, and effective development.

The problem-solving method rests with more vigorous efforts to effect comprehensive and thorough renovation based on socialist orientations and with the six major solutions mentioned in the prime minister's report on the problems that call for concentrated efforts to resolve in 1995. The National Assembly deputies concurred with major socioeconomic orientations, tasks, and problem-solving methods. They also stressed or supplemented a number of supplementary policies and measures for the 1995 state plan and state budget.

I would like to further clarify the government's views on a number of major issues raised by the deputies. Once the National Assembly issues the resolution on the 1995 tasks, the government will set forth guidelines to help with the implementation of the six major solutions.

I. Some Issues Concerning the State Budget:

Many deputies have suggested that revenue collection and government spending must be planned in close harmony with practical levels of resources. They also expressed, however, their concern over the low allocation of 10.86 trillion dong for infrastructure investment. This is nearly equal to the allocation for the repayment of [foreign] debt (10.3 trillion dong)—and about 75 percent of this allocation comes from foreign loans and aid. Revenue reserved for investment only amounts to 2.77 trillion dong or 1.2 percent of GDP, and that percentage is too low. Their concern shows their good judgment because spending for infrastructure construction is essential for exploiting domestic and external resources to meet the development requirements in the new period.

In that situation, we have only two options: first, to increase revenues, and second, to limit other spending to divert more money for infrastructure investment.

1. Regarding increased revenue collection: The minister of finance already reported to the National Assembly on the ability to increase revenues under current taxation policy, especially taxes collected within the industries, commerce, and services of the non- state sector. This sector accounts for about 24 percent of GDP but contributes only about 11 percent of the taxes and fees collected. It is unusual when the annual income of a business family in Hanoi, Haiphong, Quang Ninh, or Quang Nam-Da Nang is less than the average income of a Vietnamese family. Recent studies in Gia Lam and four other Hanoi precincts by the Taxation General Department reveal that in some localities, the number of business families avoiding paying taxes is as high as 50 percent and the amount of lost tax revenue is more than 50 percent. This situation not only reduces revenue for the state, but it also creates unfair conditions for business competition among different economic sectors and localities. The state has promulgated the Law on the Promotion of Domestic Investment to create favorable conditions for the development of all businesses participating in different economic sectors. The government requests, however, that all citizens must pay their taxes according to the law. We must combine various measures to create the attitude in society that all people should believe that paying taxes voluntarily is the first obligation of all citizens and that they should condemn and fight all practices of tax evasion.

In order to increase state revenue, we must overcome the common practice of recording extravagant expenses as production costs and delayed tax payments in state-run enterprises. Moreover, fixed assets are valued at very low prices compared to the market price, thus reducing the amount of money collected from the depreciation of fixed assets. From 1995, the depreciation fund will not be payable to the state budget, but it still will be an important capital resource for reproduction in state-run enterprises.

The fight against smuggling, particularly small-scale smuggling; the correct implementation of taxation policies on foreign business; and the proper collection of fees and taxes on housing and land trading are also important revenue resources.

Local authorities at all levels must consider the lawful collection of taxes their top priority because budget revenues are the government's most important resource for carrying out socioeconomic, national defense, and security duties. Budget revenues are also the most effective instrument for macroeconomic management.

The ability to fulfill the targets outlined for revenue collection and budget spending in the last months of this year as well as the chance to increase revenue collection for 1995 depend on the efforts exerted by local authorities and the state finance sector as well as their fine coordination with related state organs and mass organizations. In order to encourage these efforts, and in addition to the revenues reserved for local authorities under current regulations, the government suggests that supplement regulations are to be applied as follows, beginning in 1995:

—One hundred percent of the money coming from the sale of local public housing will be left to local authorities for future development of public housing. Seventy percent of fees collected from the granting of rights to land use will be left to local authorities for infrastructure construction. Fifty percent of taxes collected from the transfer of rights to land use will be left to local authorities.

—Regarding import-export taxes collected on cross-border trading: In order to eliminate negativism caused by the differentiation of taxes and supplementary taxes, the government instructed the Customs Service in 1994 to collect all import-export taxes. Now, in order to enhance the activism and responsibility of local authorities in the management of cross-border trading, the fight against smuggling and tax evasion, and the strengthening of defense systems, security, and order along the border, the government suggests the following amendments: Most provinces with land borders are allowed to keep all import-export taxes to cover their expenses for the construction and strengthening of infrastructural, socioeconomic, national defense, and security projects along their border. For some provinces with a relatively high resource of import-export taxes collected in cross-border trading, the central government will establish a rate for them to contribute to a fund which will be used to support other border provinces.

Regarding revenue collected in excess of the target, localities now can keep this amount in addition to all the extra revenue collected from the services where they are entitled to collect taxes and keep all of it.

Consequently, localities that are able to control their production costs, reduce material costs, and improve their mangement will have higher revenue. For business tax collected above the central budget targets, the 60 percent rate reserved for local budgets is to be maintained. (In reality, this regulation only applies to some 10 provinces and cities that have high business taxes. As for other provinces that fall under the category of recipients of subsidies from the central authority, they have long been entitled to all the business taxes collected). With regard to the localities' entitlement of excess revenue, they are authoritized to use it for development investment, and to bolster their budget reserves for ensuing years.

It is important that localities must bear in mind the harmony between national and local interests, while preparing plans for budget collection and expenditure. According to a 1995 budget plan proposed by various localities at a meeting with the Ministry of Finance and the State Planning Commission, the total revenue to be collected will be only 46.7 trillion dong, while the expenditure will be 76.8 trillion dong. Over the years, it has been shown that the amount of revenue collected is small, while there is a tendency to seek higher expenditure budgets. Localities have asked for higher spending budgets, while there are no efforts to raise revenue collection and reduce expenditure. We all understand the legitimate demand for spending raised by the various sectors and localities, but we must consider the common interest by actively mobilizing all revenue sources and being thrifty, in accordance with policies if we are to balance the national budget.

There are 33 provinces remaining in 1994 with revenues lower than their expenditure. These provinces have to rely on supplementary subsidies from the central budget. Again, we need to stress the targets to be achieved by various localities. Localities with revenues higher than total expenditure must further increase their revenue and pace of development. This is to achieve a constantly growing surplus and to contribute to the demands of national defense, security, and culture as well as welfare. Localities that are able to balance their revenue and expenditure must strive for higher revenue, so as to achieve a surplus. Meanwhile, those which still have to rely on subsidies from the central government must gradually reduce them and move toward balancing their own revenue and expenditure and obtaining some surplus. In evaluating the economy of localities, we must pay attention to these requirements, and regard them as one of the standards that directly reflects the level achieved in making "the people prosperous and the country strong."

2. As for the practice of thrift in expenditure.

a. The potential of development investment is still great and we are able to quickly increase this potential on the basis of economizing in spending, especially in the state sector.

In compliance with the resolution of the fourth session of the National Assembly on the practice of thrift, the Government has assigned the duty to and actively encouraged various ministries, provinces, and cities to plan to practice thrift within their respective sectors and localities. Just as what has been observed by a number of delegates, the move to have all units cut their planned spending by five percent is characteristic of egalitarianism and appears to be inapproriate. This move has produced some results but in general, the wasteful spending of public money remains grave. Typical of this are the many drinking parties, gift-giving, and anniversary celebrations. The heads of many public organs and enterprises have bought new cars and decorated the interior of their homes way above what is needed. While criticizing the erosion of public capital and property and acceptance of bribes as this will inflict losses on the state, we tend to ignore the minor yet prevalent wasteful spending. If we add up all these minor wasteful expenditure, it will be a large sum. An example of this is the wateful use of electricity, gasoline, oil, water, stationary, etc... To make a long story short, if the spending of public money and property is managed as if they belonged to individuals, the source of capital development investment will increase remarkably.

From the experience of the past few years, the Government has proposed a regular and continuous motivation drive on thrift in various state sectors encompassing enterprises, service organizations, and administrative organs. More than anyone else, every unit, element, and worker and civil servant must know what they can save, and work out for himself a specific plan for 1995. This plan must be announced within his unit and reported to high echelons. Ministries and government organs, and the people's committees of various provinces and cities must condense the austerity plans of various units within their respetive sectors and localities. They must widely promulgate them within their respective sectors and localities, and report this to the government right from the beginning of the year. The amount of money saved by each unit must be left for its use and must be reported to higher echelons.

The sense of self-awareness of every unit and individual together with the need to publicize various plans as well as the results of austerity practices so everyone can make comparisons, contribute views, monitor, and control, are factors that strongly promote and improve the results of this motivation drive. The supervisory role of the National Assembly and people's councils, the motivation of various mass organizations and the voice of the press will also contribute greatly to its results.

b. As for the 1995 budget expenditure plan already presented to the National Assembly, a number of deputies have suggested reducing routine expenditure in order to reserve more capital for development investment. The Government welcomes this idea and asks the National Assembly to approve the following specific measues:

1. In the next few years, from 1995 onward, we must stop all spending for building new headquarters, buying cars, and decorating the interiors of various offices of the state, the party, mass organizations.

2. The minimum wage level and the salary differentials between grades and steps must be maintained in accordance with the readjusted scales in 1994. There will be no increase in the wage scale for 1995.

In accordance with these directions and measures, the government recommends that the National Assembly would allow the following adjustments in revenue and expenditures of the 1995 budget submitted to this session: increasing revenue by 800 billion dong (100 billion from state economic establishments; 300 billion in taxes from non-state industrial, trade, and service establishments; 300 billion from land-use rights; and 100 billion from sales of residential housing); and a reduction in regular expenditures of 200 billion (100 billion in savings from administrative spending and 100 billion from other spending). The increased revenue and reduced spending will make 1 trillion available, with all used to supplement investment funds in capital construction for the 1995 national budget.

In addition, all capital obtained from foreign sources, including loans with favorable terms and sales of bonds overseas, also will be used for development investment.

The effort to increase funding for basic construction investment should be coupled with strict observation of new regulations on the management of construction investment. We should definitely stop the practice of construction projects ignoring plans and procedures. The quality of planning and preparations for construction projects should be heightened, especially for projects that can draw foreign capital, to increase capital sources and guarantee the efficiency of the projects.

To be implemented in parallel with the revenue and expenditure plans, from 1995 the government will start a gradual reform of the tax system aimed at simplifying tax rates, making them reasonable, and facilitating calculation and collection. In the meantime, the draft budget law will be refined and submitted to the National Assembly, in which the accounting system will be renovated and the auditing work will be developed. In his report, the prime minister considered these tasks important elements of the economic reforms in combination with the future administration reforms. For the immediate future, the government will request that the National Assembly Standing Committee adjust some tax rates on imported goods and prices of commodities distributed by the state (electricity fees, petrol prices, and so forth) in order to further eliminate state subsidies and track supply and demand and world market prices more closely.

II. Quickly Increase Development Investment With Non-Budgeted Sources of Capital

While making greater efforts to increase investment for infrastructure using the state budget, we must realize that the economic growth rate depends chiefly on investment and development projects of various enterprises and the people. The expansion of production and business by various sectors and branches in various forms of ownership using loans, credit, and investment funds distributed by the state and capital from foreign companies are the important factors that help change the economic structure and provide more jobs for workers, thereby helping us attain notable economic results. These are important sources that help increase capital accumulation, improve daily life, and increase state revenues. When the volume of our income is larger, various demands will be satisfactorily met.

The new development process requires our people to enhance their industriousness and economic awareness. All people and enterprises must strive to practice thrift and save money and energy for investment and development. All sources of capital should be mobilized to invest in economic projects to earn more profit.

Propaganda and education tasks must be carried out in line with mechanisms, policies, and concrete measures designed by the state to create an impetus for fulfilling this goal.

1. First of all, we must strive to seriously and uniformly carry out the multisectorial economy on the basis of developing the active role of the state economy, including state enterprises, and enhancing socioeconomic development results. We need to encourage the business patterns that have proved their effectiveness, expand all cooperative economic patterns formed on a voluntary basis, and create conditions for the development of economic elements of individuals and families, private business, limited liability companies, shareholding companies, business cooperatives, and joint ventures, as well as all other economic activities that interact with many different forms of ownership. The state and society welcome and treasure all activities of investment, production development, and trade that are carried out legally, and honor people who make significant contributions to the national and people's economic interests. By refining and amending regulations, especially the civil and trade codes, by practical deeds, and by information dissemination, we have to quickly sweep away the remaining apprehension that prevent some people from contributing to investment for development and production.

2. We must strive to quickly concretize and satisfactorily implement the new law on domestic investment promotion. On a long- term basis, we must strive to formulate uniform policy on the promotion of investment both at home and abroad. It is imperative for us to revise various administrative procedures that currently cause annoyance in the registration of businesses. We should apply the "one-door" system in receiving and considering investment proposals, and speed procedures to rent land to projects approved. It is necessary for us to see that our investment environment is losing its attractiveness and competitiveness to other countries in the region, and that we need to resolve our shortcomings. It is noteworthy to mention that there have been some large companies and corporations who told our government directly that they are not in a position to compete with smaller or even "shabby" companies in the region because the legal and accounting regulations of their countries do not allow spending on "tea money." To domestic investors, we need to give them stronger encouragement and support, as they have been regarded lightly.

In addition to the policies on encouraging and supporting investment projects as they are classified into various sectors, branches, and locations, the state should create the necessary conditions, especially in these areas:

a. Build infrastructure projects using both the budgets of the central and local governments as well as investment capital mobilized from the people and various state-enterprises. In the current conditions, we must concentrate efforts, first of all, on building export processing zones and industrial complexes with sufficient supply of electricity, water, and transport and communications and other facilities to create favorable conditions for the setting up of production establishments.

b. Encourage transfer of new technologies in production and management while accelerating agricultural promotion.

c. Improve information and marketing services. Although this task is carried out by business associations and services organizations, state management agencies—especially the Ministry of Trade—should share the responsibility.

d. Provide loans by developing the capital market. The state should allot a budget to support essential objectives and projects. On the basis of the viewpoints given by many deputies, the government will review the supporting funds for various targeted national projects which are scattering at present such as fund for project no. 327, fund for rearranging the labor force, fund for helping resolve the unemployment problem, fund for the settlement of nomads, fund for developing the sea economy, and fund for fighting hunger and poverty and so forth. The general orientation for this task is:

—We should divide this budget into two portions: one will be used as loans with low interest rates for priority projects, the other will be used as supporting funds with credit terms for essential projects (investment capital will be obtained from the bank at normal interest rates in order to enable the bank to expand its business and activities. For a number of essential projects with a specified high standard, the state will help bear part of the bank interest burden). The government shall formulate regulations on using funds and authorize provinces and municipalities to manage and make decisions on such funds while imposing a close control and investigation system.

It is essential to improve the management of targeted national projects. We should transfer funds to localities where there are projects to allow them to manage their own expenditure while strengthening the management and control on expenditure of other projects.

On this occasion, it is essential to mention more about the policy of providing a number of goods to the mountain region. The government intends to continue the policy of subsidizing the transportation fee of seven kinds of essential goods for the mountain region. For those goods given free of charge to the ethnic minorities in the highlands region, the government—based on ideas of many deputies—will, in 1995, provide money at the value of the goods given to these localities to allow them to buy the goods themselves. This is aimed at ensuring that poor people have sufficient iodine, kerosene, writing paper, and medicine for consumption.

3. Efforts must be made to create more forms to attract capital, develop the capital market, and advance toward establishing the stock market. Only by having the capital market will we be able to mobilize all sources of idle money in order to turn them into active capital, thereby meeting requirement in investments and enhancing the results in using capital.

To improve the capital market, we must continue to contain inflation, stabilize the value of our currency, develop more forms to attract idle money for various appropriate projects in addition to the existing forms such as promoting saving deposits and selling government bonds. It is essential to increase the issuance of state treasury bonds and state-enterprise shares step by step on the basis of developing the newly established share-holding corporations while introducing share-holding state enterprises and developing various insurance funds. The bank must expand its capital business, attract more medium-term saving deposits, balance supply and demand in capital, enhance the quality of its services and settlement, and create more confidence in its clients. We must strive to formulate law on and set up the stock market while training cadres in anticipation of the establishment of this market. These are the concrete tasks that must be carried out to resolve the capital issue in the direction outlined in the Prime Minister's report delivered at this National Assembly session.

In the present situation, the state should pay special attention to obtaining credit investment capital for various state- enterprises. The minimum requirement for 1995 is about 7,000-8,000 billion dong. However, the possibilities to obtain loans with lower interest rate than that in the money market are very limited. The immediate measures to resolve this issue are:

—Various state enterprises should actively seek capital at home and abroad by the self-borrowing and self-payment method, apply various forms in introducing the share-holding system, and sell state-enterprise shares and bonds to obtain money for investment.

—Various banks must promote savings deposits to have more money to loan to other sectors. The state will share part of the interest burden for a number of projects it deems necessary.

4. Definitely resolve the general settlement of debts in the second stage in order to regulate the activities of the financial sector and state enterprises.

After completing the first stage, we have settled 99 percent of the debts borne by state enterprises which are still in operation (the debts borne by these enterprises is 2,524 billion dong). We have started the second stage since July 1992 with more difficulty and complication. To date, we have verified that the total debt is 18,000 billion dong. We have paid 1,357 billion dong by money obtained from economic units and individuals through coercive measures. The remaining debt is 16,500 billion dong [figures as published], of which 3,000 billion dong have not been recognized. Debts that we are not been able to settle reached 3,668 billion dong, of which 1,385 billion dong borne by state enterprises that have ceased operation, 1,553 billion dong borne by the economic cooperatives which have dispersed, and 730 billion dong borne by livelihood enterprises of agencies and mass organizations that have no assets to pay debt.

The government is guiding various ministries, sectors, and localities to strive to basically settle the remaining debts in the late months of this year using various main measures: definitely settle debts between state enterprises that are optimally operated by their own capital and the initial capital provided by the state in the early stage which can be increased later on, strive to collect principle money provided by the bank while temporarily stopping bank interest charges, provide supplementary capital for state enterprises that are effectively functioning, and strive to reduce the usurpation of capital by state enterprises.

As for debts that are verified and the agencies concerned are confirmed to be insolvent, investigations should be carried out to reveal all of the subjective and objective reasons for the debts. The matter should then be handled in accordance with current debt liquidation regulations. With debts that are not verified, the law enforcement agencies will be responsible for investigation and prosecution if any breaches are found, either economical or legal. As a consequence of the old structure and our longstanding lax management of enterprises, we are now paying dearly with lost capital from enterprises and the state budget. We definitely have to be firm in carrying out a second round of general debt liquidation to make our economic establishments, mainly those in the state sector, healthy again; put our economic activities in order; and mobilize all development sources. Through these measures, we should achieve major changes for the better in 1995 in developing investment throughout society; in the advancement of the economic structure, especially in production and the rural economy; in increasing the investment rate in the production sector of municipality areas; and in attracting more foreign investment and putting it to use at a faster rate. These changes will not oniy affect economic activities in 1995; they will also help the pace of development in later years.

III. Some Issues Regarding Import-Export Policy:

In foreign trade, official exports slightly surpassed imports in 1992 (exports of $2.580 billion compared to imports of $2.400 billion). From 1993 onward, imports have increased continually—$424 million in 1993, $900 million in 1994, and an expected $1 billion in 1995. If we included semiofficial and smuggled imports, the increase would be even larger. Foreign direct investment in our country in 1995 is expected to be about $1.3 billion while the available overseas development aid is expected to be $360 million. Because of this, our international liquidation for 1995 is still in balance.

We still need to review our import structure, though. Of the $1 billion increase we expect in import value for 1995 compared to 1994, $400 million will be for imported equipment (mainly new equipment for investment projects) and $550 million will be for material, fuel, and other supplies. Consumer goods will increase by only $50 million, mainly flour, powered milk, medicine, small cars, and motorbikes. Some consumer goods do not count as large amounts in number terms when imported in whole pieces, but if they are broken down into details we see that are quite large. Cars, motorbikes, and electronic appliances are some examples of this.

Our foreign currency sources are limited. Therefore, we must exert tight control over the use of foreign currency so it can yield effective results and generate new income. As a general rule, we must exert tight control over imports and encourage the import of means of production that we do not yet have—especially high technology equipment—as well as raw materials.

Regarding consumer products, including expensive high-class ones, it is our policy not to prohibit but rather to regulate these imports through taxes. An effective way of encouraging people to economize on the purchase of consumer products and invest their savings to expand business and production facilities is the application of incentives to promote and support investment while at the same time adopting a reasonable tax policy toward consumer products. Regarding goods that can be produced locally, it is necessary to protect local production through customs barriers. These should be set at a proper level and reduced gradually to prevent reliance and sluggishness. The reality of the last few years shows that the most positive measure in supporting domestic production establishments is helping these establishments upgrade their equipment, technology, and management competence in order to strengthen the competitiveness of domestic products against imports. As for business establishments with foreign direct investment, the ability to keep their products competitive in the world market must be considered an essential criteria in evaluating these investment projects. All sectors and production establishments must always take pride and quality into account when comparing their goods with products on the world market. Furthermore, they must fully realize the extremely urgent need for competitiveness, especially now that we are making preparations to participate in the GATT (General Agreement on Tariffs and Trade) and efforts are being made to set up a free trade bloc among the members of ASEAN, in which our country will gain full membership soon.

Regarding products whose consumption should be limited, like alcohol and tobacco, or products that can be used as an effective means of income redistribution, such as high-class merchandise, it is necessary to apply the special consumption tax policy. This is entirely different from the import tax policy, because these goods are subjected to the special consumption tax regardless of whether they are produced locally or imported.

The aforementioned concepts must be used as the guiding principles for our import tax reform program in the days ahead.

In addition to these policies, steps must be taken to restore order on the import management front. It is pretty messy at present. We must prevent the deceitful import of component parts in order to avoid import taxes on the assembled products. We also need to strengthen control over joint ventures using their right to import production supplies tax-free and then reselling them for profit. Resolute efforts must be made to reorganize a number of key establishments that have sufficient conditions and abilities to import important merchandise (including accessories for assembly industry) based on the principles of ensuring order and credibility in the foreign trade market as well as preventing monopolization. In the past, some essential goods such as phosphate fertilizer, steel, cement, and paper have been imported in either excessive or inadequate amounts at times. The reason is not a lack of foreign currency like before, but a lack of guidance and coordination. This shortcoming urgently needs to be fixed.

Our current tax policy strongly supports exports. In terms of administrative procedures, the issuing of import permits for single trips has been dropped and further consideration is being given to eliminating other illogical regulations that hinder import activities and leave gaps for abuse.

The essential tasks for us at present are a strong improvement of production in the export sector and a quick rise in the ratio of processed goods, especially agro-forestry-fishery products and other light industry merchandise such as clothing, leather products, and so forth. Greater effort should be exerted to improve marketing activities, seek and maintain new consumer markets, and in the meantime reorganize the export structure and develop some key leading export establishments for major products.

Foreign currency exchange rates have an important impact on export-import activities. It is the government's policy to control foreign currency exchange rates in line with the principle of promoting exports, controlling imports, and facilitating foreign currency buying and selling activities. To handle this issue, we must adopt measures to ensure a balance between foreign currency supply and demand while at the same time gradually reducing the role and utilization of the dollar on the domestic market and continuing to make efforts to curb inflation and stabilize macroeconomic activities.

IV. Continuing To Struggle To Curb Inflation:

As of the end of October 1994, the retail index for commodities and services had increased by 11.3 percent over late December 1993, thus exceeding the desired level. According to the general index, the past 10 months have seen a rapid increase in the price of foodgrains (25.9 percent). This has driven the price of foodstuffs up by 14.9 percent. Last year also saw a rapid increase in the price of industrial products. Meanwhile, the price of farm produce rose only a little bit. At certain times it even fell, causing great losses to peasants. Even worse, at one point the prices of rice, coffee, peanuts, and sugar cane dropped sharply, making it impossible for peasants to recover their production costs. Since early this year, the government has provided subsidies for the purchase of rice for export and for stockpiling. This is to help prevent the price of rice from dropping when there is a bumper harvest. The increase in the international price of many kinds of farm produce, particularly rice and coffee, has caused the price of domestic farm produce to rise faster than industrial products. Our initial efforts to limit the chain reaction of price increases are correct and beneficial to the economy. Since the middle of this year, repeated natural calamities have caused heavy losses in grain production in areas that are considered the granaries of the two regions, thus driving up the price of rice. The government has taken urgent measures to readjust supply and demand activities and has been able to reduce potential sudden changes in the rice price. Nevertheless, the government's ability to keep the rice price under control is limited. As for other types of goods, despite being affected by a price increase in the world market, the price index of a number of goods other than grain and foodstuffs has increased by only 4.7 percent while the price index for services has increased by 9.8 percent. This is because the state has taken the initiative in readjusting the price of a number of goods and has provided close guidance for regulating supply and demand activities and the relation between cash and goods.

Given the fact that foodgrains in the north are usually scarce during the pre-harvest period; that demand for commodities and foodstuffs will increase during the Tet festival; and that large amounts of cash will be made available from salaries, year-end bonuses, and other payments for infrastructure construction activities from now until the end of the year and the pre-Tet period, we must regulate supply and demand activities and the flow of cash and goods very carefully in order to prevent price increases from far exceeding the target.

In 1995, the fight against inflation will continue to face many difficulties because of the impact of a rapid increase in development investment at home as well as rising prices on the world market. Moreover, the price of a number of local products such as electricity, gasoline, and oil still require subsidies and appropriate adjustments. Guaranteeing steady development of production and export activities is important because this helps maintain a balance between the supply and demand of essential goods and meets the requirements of imports. The government will draw on its experience to make better use of mechanisms to regulate macroeconomic activities and improve its ability to curb inflation, thereby keeping the rate of price increases under 10 percent a year.

I would like to take this opportunity to present a supplementary report on the price stabilization fund set up by the government in April 1993 using part of the additional profits generated by the collection of import-export taxes to assist business and production establishments in the event of unfavorable price fluctuations. In reality, the government has collected additional taxes merely from gasoline, oil, iron, and steel imports and has utilized this fund as a means to maintain the price of rice and sliced manioc and to help with the stockpiling of fertilizer. Recently, the coffee price on the world market increased 300-400 percent. The state has collected part of the additional profits from sales. It has, however, continued to leave a larger part of the profits for producers in order to make up for losses caused by an earlier steep drop in coffee prices. The additional tax will be readjusted or dropped when the coffee price no longer creates excessively high profits. Money generated from this additional tax will be used mainly to subsidize coffee growers when coffee prices on the world market suffer another sharp drop. After nearly two years of operating the price stabilization fund, there is now a need to derive experiences in overhauling the management of revenue and expenditure of the fund, thereby making better use of this instrument and helping production and export establishments avoid the negative impact of unfavorable price fluctuations. I have just dealt with a number of major issues that were not included in the explanations made by some of our ministers or that required further clarifications to guarantee a unanimity of views on the 1995 tasks. At the plenary session, the National Assembly deputies did not raise questions concerning the size of personnel staffing and allowances for the contingent of village and ward cadres. Nonetheless, the comrade minister head of the Government Organization and Cadre Committee did send various National Assembly teams a detailed report on the government's policy to deal with this issue next year.

This National Assembly session was held early in order to issue a resolution on the 1995 tasks promptly and facilitate government efforts to plan the allocation of work quotas and budgets for various sectors and localities. As there are two more months before the year ends, the evaluation of the 1994 situation outlined in various government reports on the orientations and tasks for 1995 had to rely in part on estimated figures. During the next National Assembly session, the government will present a supplementary report on the 1994 situation and on new issues arising from the deployment of tasks for 1995.

The government feels thankful to those National Assembly deputies who have contributed countless suggestions to help the government improve its management performance.

In its capacity as the highest organ of power, the National Assembly, including its various authoritative organs and deputies, has demonstrated its close cooperation and this will make it possible for the entire state apparatus to work much better and will help increase the momentum for renovation and development in the entire society so as to carry out the 1995 tasks successfully and make good preparations for the 1996-2000 plan.

Thank you, comrades.

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